

JACOB'S HEART CHILDREN'S CANCER
SUPPORT SERVICES
(A Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS
December 31, 2014

JACOB'S HEART CHILDREN'S CANCER SUPPORT SERVICES
(A Nonprofit Public Benefits Corporation)

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT.....	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
NOTES TO FINANCIAL STATEMENTS.....	7-11

PATRICIA A. BECKWITH

CERTIFIED PUBLIC ACCOUNTANT



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Jacob's Heart Children's Cancer Support Services

I have audited the accompanying financial statements of financial position of Jacob's Heart Children's Cancer Support Services (a Nonprofit Public Benefit Corporation) which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses and cash flows for the year 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 the 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 audit. I conducted my audit 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 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 risk 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 evaluation 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.

- 1 -

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Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jacob's Heart Children's Cancer Support Services as of December 31, 2014 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Aptos, CA
May 13, 2015

JACOB'S HEART CHILDREN'S CANCER SUPPORT SERVICES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

ASSETS		
Cash and cash equivalents	\$	357,919
Inventory		1,370
Grants receivable		80,113
Prepaid expenses		1,887
Deposits		500
Property and equipment		<u>-</u>
	TOTAL ASSETS	<u>\$ 441,789</u>
LIABILITIES		
Accounts payable	\$	5,445
Pass through funds		<u>8,343</u>
	TOTAL LIABILITIES	<u>13,788</u>
NET ASSETS		
Unrestricted		347,604
Temporarily restricted		<u>80,396</u>
	TOTAL NET ASSETS	<u>428,000</u>
	TOTAL LIABILITIES AND NET ASSETS	<u>\$ 441,789</u>

See independent accountant's review report.

JACOB'S HEART CHILDREN'S CANCER SUPPORT SERVICES
STATEMENT OF ACTIVITIES
Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 422,320	\$ 172,426	\$ 594,746
Fundraising	97,294	-	97,294
In-Kind revenue	19,416	-	19,416
Other	717	-	717
Net assets released from restrictions			
Restrictions satisfied by payments	138,750	(138,750)	
Total Revenue and Support	678,496	33,676	712,172
EXPENSES			
Program Services			
Family Support	77,007	-	77,007
Case Management	114,697	-	114,697
Direct Assistance	115,761	-	115,761
Community Awareness	66,626	-	66,626
Supporting Services			
Management and General	52,222	-	52,222
Fundraising	66,379	-	66,379
Total Expenses	492,692		492,692
CHANGE IN NET ASSETS	185,804	33,676	219,480
NET ASSETS, beginning of year	161,800	46,720	208,520
NET ASSETS, end of year	\$ 347,604	\$ 80,396	\$ 428,000

See independent accountant's review report.

JACOB'S HEART CHILDREN'S CANCER SUPPORT SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2014

	Program Services						Supporting Services		Total
	Family Support	Case Management	Assistance	Direct	Community Awareness	Management and General	Fundraising		
Compensation and related expenses									
Compensation	\$ 45,636	\$ 77,264	\$ 16,100	\$ 33,357	\$ 26,509	\$ 18,688	\$ 217,554		
Employee benefits	905	3,269	303	1,835	1,976	678	8,966		
Payroll Taxes	4,530	7,809	1,622	3,337	2,669	1,875	21,842		
	<u>51,071</u>	<u>88,342</u>	<u>18,025</u>	<u>38,529</u>	<u>31,154</u>	<u>21,241</u>	<u>248,362</u>		
Advertising	250	175	-	1,356	-	252	2,033		
Automobile expenses	55	5,098	251	418	73	81	5,976		
Bank services	6	-	-	-	386	2,516	2,908		
Direct family support									
Dues and subscriptions	38	38	38	732	38	218	1,102		
Event expenses	6,784	682	-	5,778	54	18,587	31,885		
Insurance	2,218	2,218	2,266	2,218	3,120	2,218	14,258		
Meals and entertainment	568	659	-	439	133	53	1,852		
Miscellaneous	391	-	-	133	1,894	225	2,643		
Outside services	927	8,021	417	842	4,833	6,921	21,961		
Occupancy									
Rent	5,300	5,300	5,300	5,300	5,300	5,300	31,800		
Repairs and maintenance	48	48	48	48	108	48	348		
Utilities	464	464	464	464	469	464	2,789		
Office	1,184	918	852	993	3,162	4,605	11,714		
Postage	1,943	67	67	1,718	142	1,169	5,106		
Printing	1,054	37	37	287	319	212	1,946		
Program operations	3,943	1,445	87,233	6,430	-	-	99,051		
Small Equipment	-	297	-	-	-	-	297		
Telephone & Communication	763	888	763	941	1,037	2,269	6,661		
Total expenses, year ended									
December 31, 2014	\$ 77,007	\$ 114,697	\$ 115,761	\$ 66,626	\$ 52,222	\$ 66,379	\$ 492,692		
	16%	23%	23%	14%	11%	13%			

See independent accountant's review report.

JACOB'S HEART CHILDREN'S CANCER SUPPORT SERVICES
 STATEMENT OF CASH FLOWS
 Year Ended December 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	\$ 219,480
Adjustments to reconcile changes in net assets to to net cash used in operating activities:	
(Increase) Decrease in:	
Grants receivable	(2,472)
Inventory	(95)
Prepaid expenses	122
Increase (Decrease) in:	
Accounts payable	3,859
Passthrough funds	<u>8,343</u>
Net Cash Provided by Operating Activities	<u>229,237</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	229,237
CASH AND CASH EQUIVALENTS, beginning of year	<u>128,682</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 357,919</u></u>

See independent accountant's review report.

JACOB'S HEART CHILDREN'S CANCER SUPPORT SERVICES
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities

Jacob's Heart Children's Cancer Support Services (Jacob's Heart) exists to improve the quality of life for children with cancer and support their families in the challenges they face. Since 1998, they have served more than 500 families who have heard the devastating words, "your child has cancer." Through the years Jacob's Heart has celebrated remission for hundreds of children, and have grieved with families at the loss of a precious child.

Through it all, they remain steadfast in their mission; their reason for existence, an unwavering dedication to providing support to parents and families of children with cancer in Monterey, Santa Cruz, San Benito and South Santa Clara Counties.

Basis of Accounting

The accompanying financial statements of Jacob's Heart have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Jacob's Heart reports 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.

- Unrestricted net assets: Net assets that are not subject to donor-imposed restricted or for which Jacob's Heart has variance power. Restricted net assets are reclassified to this category when the restrictions are met.
- Temporarily restricted net assets: Net assets on which grantors or donors have placed restrictions regarding the use of the funds or the time period in which the funds can be used. When a time or purpose restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "net assets released from restrictions:
- Permanently restricted net assets: Net assets, including contributions and any portion of investment income and appreciation that may not be spent pursuant to donor-imposed restrictions. There were no permanently restricted net assets at December 31, 2013.

JACOB'S HEART CHILDREN'S CANCER SUPPORT SERVICES
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, Jacob's Heart considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of the time spent on these functions by specific employees as estimated by management. Indirect expenses, include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 are capitalized while expenditures for repairs and maintenance that do not improve or extend the useful lives of respective assets are expensed currently. Property and equipment are carried at cost and depreciated using the straight-line method over the estimated useful lives of the assets ranging from 3-7 years.

Income Taxes

Jacob's Heart is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization on its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three and four years respectively, after they are filed.

JACOB'S HEART CHILDREN'S CANCER SUPPORT SERVICES
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Subsequent Events

These financial statements considered subsequent events through May 13, 2015, the date the financial statements were available to be issued.

NOTE 2. CONCENTRATION OF RISK

Jacob's Heart maintains its cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2014, the Organization's uninsured cash balances total \$87,634.

NOTE 3. GRANTS RECEIVABLE

Grants receivables are deemed to be fully collectible by management and are comprised of the following:

Monterey Peninsula Foundation	\$ 66,964
Network for Good	7,020
Benevity	1,129
Other donors	<u>5,000</u>
	<u>\$ 80,113</u>

NOTE 4. PROPERTY AND EQUIPMENT

As of December 31, 2014, property and equipment consists of:

Automobile	\$ 36,215
Office equipment	24,266
Office furniture	<u>11,969</u>
Less: Accumulated depreciation	<u>(72,450)</u>
	<u>\$ --</u>

NOTE 5. PASS THROUGH FUNDS

Jacob's Heart serves as a fiscal sponsor for other smaller nonprofit organizations by offering their legal and tax-exempt status to smaller groups engaged in activities related to the organization's missions. The money collected will be distributed to those organizations during the following fiscal year.

JACOB'S HEART CHILDREN'S CANCER SUPPORT SERVICES
NOTES TO FINANCIAL STATEMENTS

NOTE 6. DONATED SERVICES

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skill, are performed by people with those skills and would otherwise be purchased by the Organization.

Numerous volunteers have also donated significant amount of time to the Organization's program services throughout the year that are not recognized as contributions since the recognition criteria were not met. Although no amounts have been reflected in the financial statements, management estimates the fair value of those services to be approximately \$262,000 for the year ended December 31, 2014.

NOTE 7. TEMPORARILY RESTRICTED NET ASSETS

As noted in Note 1 above, Jacob's Heart receives grants and donations that are donor restricted.

For the year ended December 31, 2014, activity in the temporarily restricted net assets was as follows:

	<u>12/31/13</u>	Balance <u>Additions</u>	<u>Satisfied</u>	<u>12/31/14</u>
Hospice Giving Fd.	\$ --	\$ 65,426	\$ 33,233	\$ 32,193
Harden Family Fd.	5,000	20,000	25,000	--
Gilroy Foundation	858	--	858	--
Nancy Buck Ransom Fd.	5,000	10,000	10,000	5,000
PVCHT	4,687	10,000	12,037	2,650
Morgan Hill	300	--	300	--
Safeway	2,000	2,500	2,000	2,500
Monterey Peninsula Fd.	15,000	20,000	25,000	10,000
Community Fd. Santa Cruz	11,250	18,000	20,250	9,000
Monterey Volunteer Ctr.	750	--	750	--
Peggy & Jack Baskin Fd.	--	10,000	--	10,000
Seagate	--	1,500	--	1,500
George Ow Scholarship	--	2,000	1,180	820
Nicholson Family Fd.	--	8,000	4,600	3,400
Yellow Brick Road	<u>1,875</u>	<u>5,000</u>	<u>3,542</u>	<u>3,333</u>
	<u>\$ 46,720</u>	<u>\$ 172,426</u>	<u>\$ 138,750</u>	<u>\$ 80,396</u>

JACOB'S HEART CHILDREN'S CANCER SUPPORT SERVICES
NOTES TO FINANCIAL STATEMENTS

NOTE 8. IN KIND INCOME AND EXPENSES

Jacob's Heart was the beneficiary of donated rent space valued at \$6,516 for the year. The Organization also received donations of gift cards for gasoline and food, which is in turn, donated to clients for family support and financial assistance.