

# Israel Cancer Association (USA) Corp.

## Financial Statements

June 30, 2017 and 2016

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## Independent Auditors' Report

To the Board of Trustees  
Israel Cancer Association (USA) Corp.  
West Palm Beach, Florida

We have audited the accompanying financial statements of Israel Cancer Association (USA) Corp. (the "Organization") (a nonprofit organization), which comprise the statements of financial position at June 30, 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.

### ***Auditors' 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 audits 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.

*Continued from previous page*

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization at June 30, 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.

*Wagtail Capital LLP*

Boca Raton, Florida  
September 18, 2017

Israel Cancer Association (USA) Corp.  
 Statements of Financial Position  
 June 30, 2017 and 2016

**ASSETS**

	<u>2017</u>	<u>2016</u>
Assets:		
Cash and cash equivalents	\$ 529,264	\$ 121,956
Cash and cash equivalents - permanently restricted endowment	52,469	-
Investments	-	62,341
Investments - permanently restricted endowment	228,919	293,466
Contributions receivable	5,000	-
Contributions receivable - restricted for fellowships	21,456	21,870
Prepaid expenses	2,423	2,682
Property and equipment, net	592	825
Total assets	<u>\$ 840,123</u>	<u>\$ 503,140</u>

**LIABILITIES AND NET ASSETS**

Liabilities:		
Accounts payable	\$ 512	\$ 1,379
Total liabilities	<u>512</u>	<u>1,379</u>
Commitments and contingencies		
Net assets:		
Unrestricted	515,690	178,586
Temporarily restricted	42,533	22,070
Permanently restricted	281,388	301,105
Total net assets	<u>839,611</u>	<u>501,761</u>
Total liabilities and net assets	<u>\$ 840,123</u>	<u>\$ 503,140</u>

See accompanying notes to financial statements.

Israel Cancer Association (USA) Corp.  
Statement of Activities  
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:				
Contributions	\$ 534,532	\$ -	\$ -	\$ 534,532
Special projects	-	334,986	-	334,986
Fellowships	-	22,000	-	22,000
Special events and fundraising programs	247,586	-	-	247,586
Investments	2,154	-	1,360	3,514
Subsidy from Israel	80,000	-	-	80,000
Net assets released from restrictions	357,600	(336,523)	(21,077)	-
Total revenues, gains and other support	<u>1,221,872</u>	<u>20,463</u>	<u>(19,717)</u>	<u>1,222,618</u>
Expenses:				
Program services:				
Special events	58,442	-	-	58,442
Membership expenses	3,635	-	-	3,635
ICAUSA-Israel programs and distributions	779,547	-	-	779,547
Management and general	24,464	-	-	24,464
Fundraising	18,680	-	-	18,680
Total expenses	<u>884,768</u>	<u>-</u>	<u>-</u>	<u>884,768</u>
Net change in net assets	337,104	20,463	(19,717)	337,850
Net assets, July 1, 2016	<u>178,586</u>	<u>22,070</u>	<u>301,105</u>	<u>501,761</u>
Net assets, June 30, 2017	<u>\$ 515,690</u>	<u>\$ 42,533</u>	<u>\$ 281,388</u>	<u>\$ 839,611</u>

See accompanying notes to financial statements.

Israel Cancer Association (USA) Corp.  
Statement of Activities  
Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:				
Contributions	\$ 313,629	\$ -	\$ -	\$ 313,629
Special projects	-	84,428	-	84,428
Fellowships	-	21,950	-	21,950
Special events and fundraising programs	249,931	-	-	249,931
Investments	2,281	-	7,700	9,981
Subsidy from Israel	96,000	-	-	96,000
Net assets released from restrictions	164,081	(141,997)	(22,084)	-
Total revenues, gains and other support	<u>825,922</u>	<u>(35,619)</u>	<u>(14,384)</u>	<u>775,919</u>
Expenses:				
Program services:				
Special events	72,561	-	-	72,561
Membership expenses	33,223	-	-	33,223
ICAUSA-Israel programs and distributions	630,242	-	-	630,242
Management and general	27,807	-	-	27,807
Fundraising	26,682	-	-	26,682
Total expenses	<u>790,515</u>	<u>-</u>	<u>-</u>	<u>790,515</u>
Net change in net assets	35,407	(35,619)	(14,384)	(14,596)
Net assets, July 1, 2015	<u>143,179</u>	<u>57,689</u>	<u>315,489</u>	<u>516,357</u>
Net assets, June 30, 2016	<u>\$ 178,586</u>	<u>\$ 22,070</u>	<u>\$ 301,105</u>	<u>\$ 501,761</u>

See accompanying notes to financial statements.

Israel Cancer Association (USA) Corp.  
 Statements of Functional Expenses  
 Years Ended June 30, 2017 and 2016

	2017				2016			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Functional classification of expenses:								
Public relations	\$ 3,599	\$ -	\$ 35	\$ 3,634	\$ 6,645	\$ -	\$ 67	\$ 6,712
Salaries and benefits	57,476	4,479	12,689	74,644	85,118	6,633	18,792	110,543
Printing and postage	1,433	245	70	1,748	3,323	567	162	4,052
General and administrative	16,277	19,507	2,964	38,748	21,341	20,174	2,794	44,309
Contractual obligation - Israel	707,319	-	-	707,319	527,111	-	-	527,111
Contract services	55,520	-	2,922	58,442	92,488	-	4,867	97,355
Depreciation	-	233	-	233	-	433	-	433
	<u>\$ 841,624</u>	<u>\$ 24,464</u>	<u>\$ 18,680</u>	<u>\$ 884,768</u>	<u>\$ 736,026</u>	<u>\$ 27,807</u>	<u>\$ 26,682</u>	<u>\$ 790,515</u>

See accompanying notes to financial statements.



Israel Cancer Association (USA) Corp.  
 Statements of Cash Flows  
 Years Ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Net change in net assets	\$ 337,850	\$ (14,596)
Adjustments to reconcile net change in net assets to net cash provided by (used in) operating activities:		
Depreciation	233	433
Unrealized (gains) losses on investments	(463)	4,437
Changes in assets and liabilities:		
Contributions receivable	(5,000)	13,000
Contributions receivable - restricted for fellowships	414	12,077
Prepaid expenses	259	(510)
Accounts payable	(867)	1,339
Accrued liabilities	-	(6,209)
Net cash provided by operating activities	<u>332,426</u>	<u>9,971</u>
Cash flows from investing activities:		
Sales of investments	266,588	281,282
Purchases of investments	(139,237)	(266,500)
Net cash provided by investing activities	<u>127,351</u>	<u>14,782</u>
Cash flows from financing activities	-	-
Net increase in cash and cash equivalents	459,777	24,753
Cash and cash equivalents:		
Beginning of year	<u>121,956</u>	<u>97,203</u>
End of year	<u>\$ 581,733</u>	<u>\$ 121,956</u>

See accompanying notes to financial statements.

## Note 1 – Organization and Description of Business

Israel Cancer Association (USA) Corp., (“ICAUSA” or the “Organization”) was incorporated in the State of New York on January 19, 1967, as a non-profit organization. The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The purpose of the Organization is to collect, receive, and maintain funds for charitable, scientific, and educational purposes, specifically to provide education and advance cancer research in the United States and Israel. The ICAUSA located in West Palm Beach, Florida, is the United States National Headquarters of Israel Cancer Association, located in Givatayim, Israel.

## Note 2 – Summary of Significant Accounting Policies

### *Basis of Accounting*

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations.

Resources are classified for accounting and reporting purposes into three categories of net assets - unrestricted, temporarily restricted, or permanently restricted - according to externally (donor) imposed restrictions.

*Unrestricted net assets* include all resources that are not subject to donor-imposed restrictions of a more specific nature than those which only obligate the Organization to utilize funds in furtherance of its mission. Revenues received and expenses incurred in conducting the programs and services of the Organization are presented in the financial statements as unrestricted operating funds that increase or decrease unrestricted net assets.

*Temporarily restricted net assets* carry specific, donor-imposed restrictions on the expenditure or other use of contributed funds. Temporary restrictions may expire either because of the passage of time or because the Organization has fulfilled the restrictions. Donor-restricted gifts that are received are for fellowships to provide for cancer research and for special cancer related projects in Israel. Transfers of temporarily restricted net assets, associated with the distribution of funds to Israel for which the restrictions have been satisfied or the passage of time, are reported as net assets released from restrictions on the Statements of Activities.

*Permanently restricted net assets* are those that are subject to donor-imposed restrictions that will never lapse, thus requiring the assets to be maintained permanently as endowment funds. Transfers of permanently restricted to temporarily restricted net assets associated with donor directives are reported as net assets released for restrictions on the Statements of Activities. Net realized and unrealized appreciation on endowment funds is classified in the financial statements as part of either unrestricted, temporarily restricted, or permanently restricted net assets based on donors' restrictions and interpretations of law.

**Note 2 – Summary of Significant Accounting Policies, continued**

***Management 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 judgments that affect the reported amount of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses recognized during the reporting period. Actual results may differ from those estimates.

***Cash and Cash Equivalents***

Cash and cash equivalents include all monies in banks and money market funds. Cash equivalents include highly liquid securities with original maturities when acquired of ninety days or less.

***Contributions Receivable***

The receipt of unconditional promises to give with payments due in future periods is reported as temporarily or permanently restricted support unless explicit donor stipulations or circumstances surrounding the receipt of the promise make clear that the donor intended it to be used to support activities of the current period. Unconditional promises to give are reported at the discounted present value of estimated future cash flows, using a discount rate that approximates the rate of government securities, and are deemed fully collectible at June 30, 2017 and 2016. Amortization of the discount is recorded as additional contribution revenue.

***Gift Annuity Remainder Trust***

The Organization is a beneficiary of a gift annuity remainder trust. Related amounts are recorded either when a will is declared valid by a probate court, or when the Organization is notified as a beneficiary of a trust and the proceeds are measurable. The beneficial interest in the remainder trusts will be recorded at net present value, using risk-free interest rates applicable to the years in which the benefit is to be received.

***Special Events***

The Organization recognizes special event revenue and expense in the year the event occurs.

***Valuation of Investments at Fair Value***

The Organization measures its financial assets at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

The Organization follows a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

## Note 2 – Summary of Significant Accounting Policies, continued

### Valuation of Investments at Fair Value, continued

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1:* Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.
- Level 2:* Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3:* Valuation based on inputs that are unobservable and significant to the overall fair value measurement.

### Compensated Absences

Employees of the Organization are entitled to paid vacations, sick days and other time off depending on job classification, length of service and other factors. The value of accrued compensated absences was \$0 at June 30, 2017 and 2016.

### Property and Depreciation

Property and equipment are stated at cost if purchased or fair value if contributed. Depreciation is provided over the estimated useful lives from three to ten years on the respective assets on a straight-line basis.

### Fair Value of Financial Instruments

The carrying amount of the Organization's financial instruments, which include cash and cash equivalents, contributions and accounts receivable, accounts payable, accrued expenses, and other assets and liabilities, approximate their fair values due to their short-term maturities. The carrying amount of long-term investments are initially recorded at acquisition cost and adjusted to quoted market prices. See Note 5.

### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries, wages and related expenses have been allocated based on the function of the staff across the departments, and all other supporting expenses (consisting of facility maintenance, insurance, supplies, utilities, and other expenses) have been allocated based on the amounts used by each program and supporting service.

**Note 2 – Summary of Significant Accounting Policies, continued**

***Income Taxes***

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. Accordingly there is no provision for income taxes.

The Organization has adopted FASB ASC 740-10-25, Accounting for Uncertainty in Income Taxes. The Organization will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority. The Organization continually evaluates expiring statutes of limitations, changes in tax law and new authoritative rulings.

***Reclassification***

Certain items in the prior year financial statements have been reclassified for comparative purposes to conform to the current year presentation.

***Date of Management's Review***

Subsequent events were evaluated through September 18, 2017, which is the date the financial statements were available to be issued.

**Note 3 – Concentration of Credit Risk**

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, maintained at several interest bearing and non-interest bearing bank accounts which, at time, may exceed federally insured limits guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At June 30, 2017, the Organization had no funds in excess of FDIC insured limits. Accounts held at brokerage firms are insured by the Securities Investor Protection Corporation ("SIPC") up to \$500,000. At June 30, 2017, the Organization had \$223,192 in excess of SIPC insured limits.

**Note 4 – Property and Equipment**

Property and equipment consisted of the following at June 30:

	<u>2017</u>	<u>2016</u>
Computer equipment	\$ 23,839	\$ 23,839
Furniture and fixtures	4,236	4,236
	<u>28,075</u>	<u>28,075</u>
Less: accumulated depreciation	(27,483)	(27,250)
	<u>\$ 592</u>	<u>\$ 825</u>

The Organization's depreciation expense for the years ended June 30, 2017 and 2016 was \$233 and \$433, respectively.

Israel Cancer Association (USA) Corp.  
Notes to Financial Statements

Note 5 – Long-Term Investments

The investments held by the Organization at June 30, 2017 and 2016 are summarized as follows:

Fair Value Measurement at June 30, 2017				
	Total	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mutual funds	\$ 228,919	\$ 228,919	\$ -	\$ -
	<u>\$ 228,919</u>	<u>\$ 228,919</u>	<u>\$ -</u>	<u>\$ -</u>
Fair Value Measurement at June 30, 2016				
	Total	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mutual funds	\$ 355,807	\$ 355,807	\$ -	\$ -
	<u>\$ 355,807</u>	<u>\$ 355,807</u>	<u>\$ -</u>	<u>\$ -</u>

The following schedule summarizes the investment return and its classification in the Statements of Activities for the years ended June 30, 2017 and 2016 as follows:

	2017	2016
Interest and dividend income	\$ 3,051	\$ 14,418
Net realized and unrealized gains (losses) on investments	463	(4,437)
Total investment gains	<u>\$ 3,514</u>	<u>\$ 9,981</u>

**Israel Cancer Association (USA) Corp.**  
**Notes to Financial Statements**

**Note 6 – Contributions Receivable**

Contributions receivable at June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Unrestricted	\$ 5,000	\$ -
Temporarily restricted for fellowships	22,000	22,640
	<u>27,000</u>	<u>22,640</u>
Present value discount at annualized rate of 2% for 2017 and 2016	(544)	(770)
Net value of contributions receivable	26,456	21,870
Allowance for uncollected commitments	-	-
	<u>\$ 26,456</u>	<u>\$ 21,870</u>

These amounts are due as follows:

<u>Years Ending June 30,</u>		
2018		\$ 21,170
2019		5,286
		<u>\$ 26,456</u>

**Note 7 – Commitments and Contingencies**

***Leases***

During the year ended June 30, 2016, the Organization leased its office space from a third party, requiring monthly payments ranging from \$726 to \$747.

During the year ended June 30, 2017, the Organization amended and extended its office lease agreement with a third party through December 31, 2017. The amended lease requires monthly payments of \$770. Rent expense for the years ended June 30, 2017 and 2016 was approximately \$9,100 and \$8,800, respectively.

**Note 8 – Restricted Net Assets**

In September of 2008, the Organization was the recipient of a \$500,000 donation, of which \$50,000 was an unrestricted donation and \$450,000 was permanently restricted for future cancer research. In accordance with the agreement, the Organization releases from permanent restriction an amount annually equal to 7% of the value of the permanently restricted fund balance. During the years ended June 30, 2017 and 2016, no distributions from the donation were made. However, the Organization released \$21,077 and \$22,084, respectively, from permanent to temporary restriction. The permanently restricted fund balance was \$281,388 and \$301,105 at June 30, 2017 and 2016, respectively.

**Note 9 – Pass-Through Donations**

In accordance with the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "USA PATRIOT ACT"), the Organization does not distribute funds to Israel until notification has been received from the donor as to the purpose and receipt of the donation to be transferred.

During the years ended June 30, 2017 and 2016, ICAUSA received and accepted donations on behalf of Israel Cancer Association - Israel in the amount of \$334,986 and \$84,428, respectively. These donations were distributed to Israel Cancer Association - Israel in the periods received.