

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

FINANCIAL STATEMENTS
December 31, 2015

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

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PATRICIA A. BECKWITH

CERTIFIED PUBLIC ACCOUNTANT



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

I have reviewed the accompanying statement of financial position Jacob's Heart Children's Cancer Support Services (a nonprofit public benefit corporation) as of December 31, 2015 and the related statements of activities, functional expenses and cash flows expenses for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for developing, implementing and maintaining internal controls relevant to preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform certain procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the result of my procedures provide a reasonable basis to my report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.



Aptos, CA
May 19, 2016

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**JACOB'S HEART CHILDREN'S CANCER SUPPORT SERVICES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015**

ASSETS		
Cash and cash equivalents	\$	611,172
Grants receivable		25,080
Inventory		4,891
Prepaid expenses		825
Property and equipment		<u>77,214</u>
	TOTAL ASSETS	<u><u>\$ 719,181</u></u>
LIABILITIES		
Accounts payable	\$	578
	TOTAL LIABILITIES	<u>578</u>
NET ASSETS		
Unrestricted		693,727
Temporarily restricted		<u>24,875</u>
	TOTAL NET ASSETS	<u>718,602</u>
	TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 719,181</u></u>

See independent accountant's review report.

JACOB'S HEART CHILDREN'S CANCER SUPPORT SERVICES
STATEMENT OF ACTIVITIES
Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 693,977	\$ 160,175	\$ 854,152
Fundraising events	63,574	-	63,574
In-Kind revenue	34,000	-	34,000
Net assets released from restrictions			
Restrictions satisfied by payments	215,696	(215,696)	
Total Revenue and Support	1,007,247	(55,521)	951,726
EXPENSES			
Program Services			
Family Support	101,312	-	101,312
Case Management	133,944	-	133,944
Direct Assistance	157,518	-	157,518
Community Awareness	110,207	-	110,207
Supporting Services			
Management and General	85,125	-	85,125
Fundraising	82,019	-	82,019
Total Expenses	670,125		670,125
CHANGE IN NET ASSETS	337,122	(55,521)	281,601
NET ASSETS, beginning of year as restated in 2014	356,605	80,396	437,001
NET ASSETS, end of year	\$ 693,727	\$ 24,875	\$ 718,602

See independent accountant's review report.

JACOB'S HEART CHILDREN'S CANCER SUPPORT SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2015

	Program Services				Supporting Services			Total
	Family Support	Case Management	Direct Assistance	Community Awareness	Management and General	Fundraising	Total	
Compensation and related expenses								
Compensation	\$ 54,497	\$ 89,100	\$ 52,346	\$ 62,738	\$ 27,645	\$ 22,565	\$ 308,891	
Employee benefits	2,281	2,949	2,550	2,470	1,489	1,210	12,949	
Payroll Taxes	5,220	8,635	5,065	6,048	1,188	2,125	28,281	
	<u>61,998</u>	<u>100,684</u>	<u>59,961</u>	<u>71,256</u>	<u>30,322</u>	<u>25,900</u>	<u>350,121</u>	
Advertising	248	219	480	1,196	427	2,296	4,866	
Bank services	-	-	-	-	206	2,522	2,728	
Direct family support	11,282	418	72,157	-	-	-	83,857	
Depreciation	-	-	-	-	6,847	-	6,847	
Dues and subscriptions	89	89	89	782	544	275	1,868	
Event expenses	5,359	1,971	1,087	6,030	361	16,563	31,371	
Insurance	2,861	2,861	2,861	2,861	2,861	2,861	17,166	
Meals and entertainment	501	1,414	200	733	676	726	4,250	
Other expenses	1,948	2,542	1,043	1,368	3,142	3,312	13,355	
Occupancy								
Rent	8,542	8,317	8,317	8,317	10,577	8,626	52,696	
Repairs and maintenance	561	561	574	561	5,957	561	8,775	
Utilities	477	477	647	477	840	477	3,395	
Office	967	781	1,225	758	6,739	1,429	11,899	
Postage	1,375	471	226	1,205	1,303	1,043	5,623	
Printing	635	335	335	5,248	430	2,547	9,530	
Professional fees/outside services	1,797	5,295	1,785	5,354	10,099	10,574	34,904	
Travel	573	5,550	4,647	542	358	243	11,913	
Supplies	31	281	-	2,096	-	-	2,408	
Small equipment/furniture	714	-	337	-	1,897	-	2,948	
Telephone & Communication	1,354	1,678	1,547	1,423	1,539	2,064	9,605	
Total expenses, year ended	<u>\$ 101,312</u>	<u>\$ 133,944</u>	<u>\$ 157,518</u>	<u>\$ 110,207</u>	<u>\$ 85,125</u>	<u>\$ 82,019</u>	<u>\$ 670,125</u>	
December 31, 2015	15%	20%	24%	16%	13%	12%		

See independent accountant's review report.

JACOB'S HEART CHILDREN'S CANCER SUPPORT SERVICES
STATEMENT OF CASH FLOWS
Year Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	\$ 281,601
Adjustments to reconcile changes in net assets to to net cash used in operating activities:	
Depreciation	6,847
(Increase) Decrease in:	
Grants receivable	55,033
Inventory	(3,521)
Prepaid expenses	1,062
Increase (Decrease) in:	
Accounts payable	(3,862)
Net Cash Provided by Operating Activities	337,160
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisitions of Property and Equipment	(83,907)
Net Cash Used by Investing Activities	(83,907)
NET INCREASE IN CASH AND CASH EQUIVALENTS	253,253
CASH AND CASH EQUIVALENTS, beginning of year	357,919
CASH AND CASH EQUIVALENTS, end of year	\$ 611,172

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 600 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, 2015.

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):

Donated Goods

During fiscal 2015 Jacob's Heart had an exceptional year in securing noncash donations including office furniture, supplies and automobiles for transporting families. The value of these donations are included in grants and contributions on the statement of activities.

Subsequent Events

These financial statements considered subsequent events through May 19, 2016, the date the financial statements were available to be issued.

NOTE 2. CONCENTRATION OF CREDIT RISK FOR CASH

Jacob's Heart maintains cash balances at various banking institution where deposits up to \$250,000 are insured by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2015 \$36,015 in cash balances were held in excess of federally insured limits.

NOTE 3. GRANTS RECEIVABLE

Grants receivables at December 31, 2015 are deemed to be fully collectible by management and are comprised of the following:

Network for Good	\$ 14,494
McGives	5,190
Apple, Inc.	2,806
Santa Cruz Gives	1,590
Intuit	500
Bank of America	<u>500</u>
	<u>\$ 25,080</u>

NOTE 4. PROPERTY AND EQUIPMENT

As of December 31, 2015, property and equipment consists of:

Automobiles	\$ 58,996
Office furniture	22,900
Machinery & equipment	<u>2,165</u>
Less: Accumulated depreciation	<u>(6,847)</u>
	<u>\$ 77,214</u>

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

NOTE 5. IN KIND INCOME AND EXPENSES

Jacob's Heart was the beneficiary of donated rent space valued at \$34,000 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.

NOTE 6. 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, 2015, activity in the temporarily restricted net assets was as follows:

	<u>12/31/14</u>	<u>Balance Additions</u>	<u>Satisfied</u>	<u>12/31/15</u>
Hospice Giving Fd.	\$ 32,193	\$ 60,000	\$ 87,193	\$ 5,000
Nancy Buck Ransom Fd.	5,000	10,000	15,000	--
PVCHT	2,650	8,300	6,950	4,000
Safeway	2,500	--	2,500	--
Monterey Peninsula Fd.	10,000	25,000	30,000	5,000
Community Fd. Santa Cruz	9,000	15,000	22,000	2,000
Action Councel of Mo. Co.	--	28,875	20,000	8,875
Peggy & Jack Baskin Fd.	10,000	5,000	15,000	--
Seagate	1,500	--	1,500	--
George Ow Scholarship	820	--	820	--
Nicholson Family Fd.	3,400	--	3,400	--
Yellow Brick Road	<u>3,333</u>	<u>8,000</u>	<u>11,333</u>	<u>--</u>
	<u>\$ 80,396</u>	<u>\$ 160,175</u>	<u>\$ 215,696</u>	<u>\$ 24,875</u>

NOTE 7. 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 donated significant amount of time in addition to community donations of goods to the Organization's program services throughout the year that are not recognized as contributions. Although no amounts have been reflected in the financial statements, management estimates the fair value of those goods and services to be \$619,750 for the year ended December 31, 2015.

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

NOTE 8. PRIOR PERIOD ADJUSTMENT

Subsequent to the completion of the December 31, 2014 audit, an adjustment in the amount of \$8,341 was made to write off accounting differences related to fiscal sponsorship activities that occurred prior to December 31, 2015. The adjustment does not affect current year activities.