



BLADDER CANCER

ADVOCACY NETWORK, INC.

DECEMBER 31, 2013 AND 2012

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statement of Functional Expense for the Year Ended December 31, 2013	4
Statement of Functional Expense for the Year Ended December 31, 2012	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 11



JOHN T SQUIRE CPA
SUSAN A LEMKIN CPA
CHRISTOPHER J MATHEWS CPA
BART J LANMAN CPA CFP®
CLINTON L LEHMAN CPA CMA CFM
ROBERT J KOPERA CPA
NANCY C JOHNSON CPA

SQUIRE, LEMKIN + COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS
111 ROCKVILLE PIKE
SUITE 475
ROCKVILLE MARYLAND 20850
301 424 6800 TELEPHONE
301 424 6892 FACSIMILE
EMAIL SUPPORT@MYCPAS.COM
WWW.MYCPAS.COM

INDEPENDENT AUDITORS' REPORT

Board of Directors
Bladder Cancer Advocacy Network
Bethesda, Maryland

We have audited the accompanying financial statements of the Bladder Cancer Advocacy Network, Inc. which comprise the statements of financial position as of December 31, 2013 and 2012, 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 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 Bladder Cancer Advocacy Network, Inc.'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 the Bladder Cancer Advocacy Network, Inc. as of December 31, 2013 and 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.

Squire, Lemkin + Company, LLP

March 12, 2014

BLADDER CANCER ADVOCACY NETWORK, INC.

STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31,	
ASSETS	<u>2013</u>	<u>2012</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 194,083	\$ 545,715
Certificates of deposit	560,533	250,448
Contributions receivable, current portion	28,968	19,704
Prepaid expenses and other current assets	2,996	4,516
TOTAL CURRENT ASSETS	<u>\$ 786,580</u>	<u>\$ 820,383</u>
PROPERTY AND EQUIPMENT, NET	\$ 4,586	\$ 11,371
NONCURRENT ASSETS:		
Contributions receivable, noncurrent portion	\$ 30,000	\$ -
Security deposit	3,848	7,695
TOTAL NONCURRENT ASSETS	<u>\$ 33,848</u>	<u>\$ 7,695</u>
TOTAL ASSETS	<u><u>\$ 825,014</u></u>	<u><u>\$ 839,449</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 7,449	\$ 5,225
Accrued salaries and payroll taxes	-	3,264
Deferred revenue	20,000	20,000
Grants payable	150,000	50,000
TOTAL LIABILITIES	<u>\$ 177,449</u>	<u>\$ 78,489</u>
OTHER LIABILITIES		
Deferred lease benefit	<u>\$ 13,083</u>	<u>\$ 13,006</u>
TOTAL LIABILITIES	<u>\$ 190,532</u>	<u>\$ 91,495</u>
NET ASSETS:		
Unrestricted	\$ 165,775	\$ 165,961
Temporarily restricted	468,707	581,993
TOTAL NET ASSETS	<u>\$ 634,482</u>	<u>\$ 747,954</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 825,014</u></u>	<u><u>\$ 839,449</u></u>

The accompanying notes are an integral part of these financial statements.

BLADDER CANCER ADVOCACY NETWORK, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31,

	2013			2012		
	Unrestricted	Temporarily Restricted		Unrestricted	Temporarily Restricted	
		Totals	Restricted		Restricted	Totals
REVENUE:						
Contributions and grants:						
Contributions	\$ 647,615	\$ 100,289	\$ 747,904	\$ 585,367	\$ 570,117	\$ 1,155,484
Grants	147,000	127,500	274,500	109,737	51,912	161,649
Conference income	24,490	-	24,490	23,517	-	23,517
Investment income	263	-	263	1,244	-	1,244
Other income	1,559	-	1,559	2,339	-	2,339
Net assets released from restrictions	341,075	(341,075)	-	40,036	(40,036)	-
TOTAL REVENUE	\$ 1,162,002	\$ (113,286)	\$ 1,048,716	\$ 762,240	\$ 581,993	\$ 1,344,233
EXPENSES:						
Program services						
Research	\$ 439,043	-	\$ 439,043	\$ 192,134	-	\$ 192,134
Education and information	226,886	-	226,886	146,104	-	146,104
Think Tank	98,404	-	98,404	96,008	-	96,008
Other program services	178,191	-	178,191	127,519	-	127,519
Total program services	\$ 942,524	-	\$ 942,524	\$ 561,765	-	\$ 561,765
Supporting services						
Management and general	\$ 115,061	-	\$ 115,061	\$ 130,489	-	\$ 130,489
Fundraising	104,603	-	104,603	121,759	-	121,759
Total supporting services	\$ 219,664	-	\$ 219,664	\$ 252,248	-	\$ 252,248
TOTAL EXPENSES	\$ 1,162,188	-	\$ 1,162,188	\$ 814,013	-	\$ 814,013
CHANGE IN NET ASSETS	\$ (186)	\$ (113,286)	\$ (113,472)	\$ (51,773)	\$ 581,993	\$ 530,220
NET ASSETS, BEGINNING OF YEAR	\$ 165,961	\$ 581,993	\$ 747,954	\$ 217,734	\$ -	\$ 217,734
NET ASSETS, END OF YEAR	\$ 165,775	\$ 468,707	\$ 634,482	\$ 165,961	\$ 581,993	\$ 747,954

The accompanying notes are an integral part of these financial statements.

BLADDER CANCER ADVOCACY NETWORK, INC.

STATEMENT OF FUNCTIONAL EXPENSE

FOR THE YEAR ENDED DECEMBER 31, 2013

	Research	Education and Information	Think Tank	Other Program Services	Total Program Services	Management and General	Fundraising	Total
Personnel costs	\$ 62,006	\$ 70,679	\$ 53,199	\$ 106,747	\$ 292,631	\$ 51,193	\$ 64,375	\$ 408,199
Consultants	10,000	53,000	-	15,000	78,000	4,213	-	82,213
Legal expense	-	-	-	-	-	241	-	241
Grant expense	288,500	-	-	-	288,500	-	-	288,500
Rent and utilities	6,067	6,067	6,067	18,201	36,402	6,067	6,066	48,535
IT support and online fees	10,430	3,363	7,339	4,751	25,883	6,044	18,650	50,577
Meetings and conferences	55,322	4,869	19,907	1,883	81,981	521	-	82,502
Affiliate support	-	130	-	-	130	1,000	-	1,130
Travel	912	14,875	8,818	3,018	27,623	6,080	-	33,703
Dues and membership	-	-	-	6,250	6,250	2,635	205	9,090
Accounting fees	-	-	-	-	-	22,650	-	22,650
Office supplies	784	784	784	2,352	4,704	783	784	6,271
Printing and copying	-	24,476	-	7,558	32,034	668	-	32,702
Postage and shipping	-	12,687	-	6,300	18,987	5,752	-	24,739
Merchandise	-	9,006	-	-	9,006	-	-	9,006
Telephone and communications	698	698	698	2,092	4,186	697	698	5,581
Equipment rental and maintenance	30	30	30	90	180	30	30	240
Depreciation	848	848	848	2,544	5,088	848	849	6,785
Insurance	437	437	437	1,311	2,622	437	437	3,496
Marketing and promotion	2,979	20,273	248	-	23,500	2,015	2,234	27,749
State registrations	-	-	-	-	-	15	10,246	10,261
Media production/services	-	4,636	-	-	4,636	-	-	4,636
Board expense	-	-	-	-	-	3,127	-	3,127
Bank service charges	30	28	29	94	181	45	29	255
TOTAL EXPENSES	\$ 439,043	\$ 226,886	\$ 98,404	\$ 178,191	\$ 942,524	\$ 115,061	\$ 104,603	\$ 1,162,188

The accompanying notes are an integral part of these financial statements.

BLADDER CANCER ADVOCACY NETWORK, INC.

STATEMENT OF FUNCTIONAL EXPENSE

FOR THE YEAR ENDED DECEMBER 31, 2012

	Research	Educaiton and Information	Think Tank	Other Program Services	Total Program Services	Management and General	Fundraising	Total
Personnel costs	\$ 79,720	\$ 62,639	\$ 45,555	\$ 68,333	\$ 256,247	\$ 45,554	\$ 62,638	\$ 364,439
Consultants	15,339	-	-	-	15,339	-	-	15,339
Legal expense	-	-	-	626	626	1,991	-	2,617
Grant expense	25,000	-	-	-	25,000	-	-	25,000
Rent and utilities	7,119	7,119	7,119	21,357	42,714	7,119	7,119	56,952
IT support and online fees	-	1,676	2,391	7,435	11,502	10,974	21,351	43,827
Meetings and conferences	52,044	289	24,067	-	76,400	1,999	-	78,399
Affiliate support	-	-	-	-	-	-	-	-
Travel	5,479	6,800	11,432	2,925	26,636	7,986	2,324	36,946
Dues and membership	-	-	-	3,000	3,000	1,671	560	5,231
Accounting fees	-	-	-	-	-	20,533	-	20,533
Office supplies	2,049	2,049	2,049	6,148	12,295	2,049	2,049	16,393
Printing and copying	630	22,273	1,528	6,151	30,582	5,560	7,496	43,638
Postage and shipping	-	5,602	-	3,652	9,254	1,576	6,172	17,002
Merchandise	-	17,903	-	-	17,903	-	-	17,903
Telephone and communications	961	1,100	722	376	3,159	2,866	249	6,274
Equipment rental and maintenance	-	-	-	-	-	-	-	-
Depreciation	781	781	781	2,342	4,685	781	781	6,247
Insurance	364	364	364	1,089	2,181	363	364	2,908
Marketing and promotion	2,244	17,459	-	4,085	23,788	15,904	-	39,692
State registrations	-	50	-	-	50	377	10,632	11,059
Media production/services	-	-	-	-	-	-	-	-
Board expense	-	-	-	-	-	2,538	-	2,538
Bank service charges	404	-	-	-	404	648	24	1,076
TOTAL EXPENSES	\$ 192,134	\$ 146,104	\$ 96,008	\$ 127,519	\$ 561,765	\$ 130,489	\$ 121,759	\$ 814,013

The accompanying notes are an integral part of these financial statements.

BLADDER CANCER ADVOCACY NETWORK, INC.

STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
(Decrease) increase in net assets	\$ (113,472)	\$ 530,220
Reconciliation adjustments:		
Depreciation	6,785	6,247
Deferred lease benefit	77	13,006
Changes in assets and liabilities:		
Contributions receivable	(39,264)	425
Prepaid expenses	1,520	3,886
Accounts payable and accrued expenses	2,224	(16,847)
Accrued salaries and payroll taxes	(3,264)	(16,764)
Grants payable	100,000	12,500
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>\$ (45,394)</u>	<u>\$ 532,673</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Security deposit	\$ 3,847	\$ -
Purchase of certificates of deposit	(310,085)	(250,448)
Purchases of property and equipment	-	(8,875)
NET CASH USED IN INVESTING ACTIVITIES	<u>\$ (306,238)</u>	<u>\$ (259,323)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ (351,632)	\$ 273,350
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>545,715</u>	<u>272,365</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 194,083</u>	<u>\$ 545,715</u>

The accompanying notes are an integral part of these financial statements.

BLADDER CANCER ADVOCACY NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

Note 1. **Organization and Significant Accounting Policies**

Organization - The Bladder Cancer Advocacy Network, Inc. (BCAN) is a not-for-profit corporation that was established in 2005 as the first national patient-based advocacy organization for bladder cancer. BCAN serves as the leading voice for bladder cancer in the United States, providing resources to not only those diagnosed with the disease but their families, caregivers and the medical community united in support of people touched by the disease. The organization is setting the agenda for bladder cancer by promoting and funding collaborative and cutting-edge research programs and providing critical patient support and education services. Each year, it provides thousands of patients, caregivers and the medical community with the educational resources and support services they need to navigate their bladder cancer journey. BCAN works collaboratively with the medical and research professionals who are dedicated to the prevention, diagnosis and treatment of bladder cancer and empowers the patient community by allowing them to share experiences with others, and to participate in building awareness of the need for a cure.

A summary of BCAN's significant programs follows:

Research - BCAN works to advance bladder cancer research. Recognizing the overwhelming need for research funding, BCAN has also engaged a new generation of researchers with the Young Investigator Research Awards. With an ongoing investment, BCAN hopes to expand this innovative research program which provides hope for future treatments. The 2013 Awards were presented to the total of \$300,000. Each researcher received a two-year grant totaling \$100,000.

Education and Information - BCAN hosts a variety of educational programs and publishes printed materials to educate those coping with a bladder cancer diagnosis. Now in its second printing, BCAN's comprehensive patient handbook, "Bladder Cancer Basics for the Newly Diagnosed," has been provided to thousands of survivors, caregivers, urology practices and cancer centers across the United States. The Patient Insight Webinar Series is an interactive web program that addresses a variety of issues from clinical trials to living with urinary diversion. The webinars feature top experts in their field and address patient concerns in an easy format. In 2013, BCAN launched "Conversations: Let's Talk About Bladder Cancer." Hosted by Diane Zipursky Quale, the internet talk show interviews top doctors and asks the questions that patients may be intimidated to ask. The first video in the series addressed bladder cancer and sexual function. Both the Patient Insight Webinars and Conversations videos are available for replay on www.bcan.org.

BLADDER CANCER ADVOCACY NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

Note 1. **Organization and Significant Accounting Policies** (Continued)

Think Tank - The Bladder Cancer Think Tank is the only medical symposium dedicated solely to bladder cancer. Through collaboration urologists, oncologists, scientists and researchers are pioneering new treatment protocols, investigating genetic expressions, and improving access to quality care for those living with the disease. The John Quale Travel Fellowship Program provides financial support to help select researchers pay travel expenses related to their attendance at the annual Bladder Cancer Think Tank where they have the opportunity to present their research, network with leading bladder cancer researchers and gain insights from the Think Tank. Each year, four \$1,500 travel fellowships are awarded to early career physicians and scientists.

Accounting Method - BCAN uses the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of contributions with donor-imposed restrictions. The net assets of BCAN are reported in each of the following three classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets. Accordingly, net assets are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the contribution is received. 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 and reported in the statements of activities as net assets released from restrictions.

Temporarily restricted net assets - Net assets from contributions subject to donor-imposed stipulations that may or will be met either by actions of BCAN and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets from contributions subject to donor imposed stipulations, which are permanent in nature, prohibiting expenditure of the assets pledged or donated. Typically, the income earned on invested balances of permanently restricted net assets is reported as part of unrestricted net assets unless the donor specifically limits the use of such income. BCAN did not have any permanently restricted net assets at December 31, 2013 and 2012.

BLADDER CANCER ADVOCACY NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

Note 1. **Organization and Significant Accounting Policies** (Continued)

Tax Exempt Status - BCAN is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to BCAN's tax-exempt purpose is subject to taxation as unrelated business income. For the years ended December 31, 2013 and 2012, there was no unrelated business income. At December 31, 2013, tax years 2010 through 2012 remain subject to examination by federal and state taxing jurisdictions. BCAN has not been contacted by any tax authority regarding any tax issue.

Cash and Cash Equivalents - For purposes of the statements of cash flows, BCAN considers all highly liquid investment instruments purchased with an original maturity of three months or less to be cash equivalents.

Certificates of Deposit - Certificates of deposit are recorded at fair value which approximates cost and accumulated interest.

Contributions receivable - Contributions receivable are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon review of outstanding receivables, historical collection information and existing economic conditions. Receivables deemed uncollectible are charged off based on specific circumstances of the parties involved. At December 31, 2013 and 2012, management feels the amount in contributions receivable is fully collectible.

Property and Equipment - Acquisitions of property and equipment in excess of \$1,000 are capitalized and are carried at cost. Depreciation is computed using the straight-line method over an estimated life of three to ten years.

Functional Allocation of Expenses - The cost of providing the various programs and other activities has been summarized in the accompanying statements of functional expenses. Costs which cannot be specifically identified with a particular function and which benefit more than one functional category are allocated to the different functional areas based on direct salaries. Management believes that this method accurately reflects the cost of administering BCAN's programs.

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.

Subsequent Events - BCAN has evaluated subsequent events for potential required disclosure through March 12, 2014 which is the date financial statements were available to be issued.

BLADDER CANCER ADVOCACY NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

Note 1. **Organization and Significant Accounting Policies** (Continued)

Accounting for Uncertain Tax Provisions - In general, when tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheets, along with any associated interest and penalties that would be payable to the taxing authorities upon examination. BCAN has determined that no such liabilities were required at December 31, 2013 and 2012.

Note 2. **Property and Equipment** - BCAN holds the following property and equipment as of December 31:

	2013	2012
Computer equipment and software	\$ 15,154	\$ 15,154
Furniture and equipment	13,813	13,813
Total property and equipment	\$ 28,967	\$ 28,967
Less, accumulated depreciation	(24,381)	(17,596)
Net property and equipment	\$ 4,586	\$ 11,371

Depreciation expense was \$6,785 and \$6,247 for the years ended December 31, 2013 and 2012 respectively.

Note 3. **Temporarily Restricted Net Assets** - Temporarily restricted net assets as of December 31, 2013 and December 31, 2012 were comprised of the following purpose restricted categories:

	2013	2012
Cancer Research Challenge Grant	\$ 462,818	\$ 552,029
Website	--	19,650
Patient Handbook	5,889	10,314
Total temporarily restricted net assets	\$ 468,707	\$ 581,993

BLADDER CANCER ADVOCACY NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

Note 4. **Commitments** - BCAN leases space in Bethesda, Maryland under a 63-month lease that started on January 1, 2012 and ends on March 31, 2017, with the first three months of free rent. Monthly rent under the new lease is \$3,848 per month with a 4% increase annually in operating expenses and real estate taxes. BCAN moved to the new offices in April 2012. In accordance with accounting principles generally accepted in the United States of America (GAAP) all rental payments are recognized on a straight-line basis over the term of the lease. The deferred lease benefit in the amount of \$13,083 and \$13,006 as of December 31, 2013 and 2012, respectively, is included in the accompanying statements of financial position.

At December 31, 2013, the future minimum base lease obligations are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2014	\$ 49,460
2015	51,438
2016	53,496
2017	<u>13,504</u>
Total	<u>\$ 167,898</u>

As of December 31, 2013 and 2012, occupancy expense totaled \$48,535 and \$56,952, respectively.

Note 5. **Concentration of Credit Risk** - Financial instruments which potentially subject BCAN to concentrations of credit risk include cash deposits with commercial banks. BCAN's cash management policies limit its exposure to concentrations of credit risk by maintaining cash accounts at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Cash deposits may, however, exceed the FDIC insurable limits at times throughout the year. Management does not consider this a significant concentration of credit risk.