

Georgia Cancer Coalition, Inc.
(A Not-For-Profit Organization)

Financial Statements

June 30, 2008 and 2007

Georgia Cancer Coalition, Inc.
(A Not-For-Profit Organization)

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June 30, 2008 and 2007

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Independent Auditors' Report

To the Board of Trustees of
Georgia Cancer Coalition, Inc.

We have audited the accompanying statements of financial position of Georgia Cancer Coalition, Inc. (a not-for-profit organization) (the Coalition) as of June 30, 2008 and 2007 and the related statements of activities, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Coalition's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Georgia Cancer Coalition, Inc. as of June 30, 2008 and 2007 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Bennett Thrasher P.C.

October 8, 2008

Georgia Cancer Coalition, Inc.
(A Not-For-Profit Organization)

Statements of Financial Position
June 30, 2008 and 2007

	2008	2007
Assets		
Cash	\$ 2,268,744	\$ 69,080
Grants receivable	440,932	997,865
Unconditional promises to give	1,608,312	764,334
Other receivables	301,251	143,241
Other assets	19,251	30,959
Property and equipment, less accumulated depreciation and amortization	<u>61,125</u>	<u>81,158</u>
	<u>\$ 4,699,615</u>	<u>\$ 2,086,637</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 337,393	\$ 236,369
Deferred revenue	<u>1,491,347</u>	<u>416,002</u>
Total liabilities	<u>1,828,740</u>	<u>652,371</u>
Commitments and contingencies		
Net assets:		
Unrestricted	359,223	331,592
Temporarily restricted	<u>2,511,652</u>	<u>1,102,674</u>
Total net assets	<u>2,870,875</u>	<u>1,434,266</u>
	<u>\$ 4,699,615</u>	<u>\$ 2,086,637</u>

See accompanying notes to financial statements.

Georgia Cancer Coalition, Inc.
(A Not-For-Profit Organization)

Statements of Activities
For the Years Ended June 30, 2008 and 2007

	2008	2007
Changes in unrestricted net assets:		
Support and revenue:		
Contributions	\$ 305,401	\$ 194,086
Grants	11,697,552	11,419,512
Other revenue	57,043	48,278
Net assets released from restrictions	737,198	27,500
Total unrestricted support and revenue	<u>12,807,204</u>	<u>11,689,376</u>
Expenses:		
Program services:		
Prevention	988,781	82,995
Treatment	305,128	680,783
Research	10,408,194	10,074,858
Education	150,240	272,301
Economic development	30,735	41,512
Total program services	<u>11,883,078</u>	<u>1,152,449</u>
Support services:		
Fundraising	75,536	44,044
Management and general	810,949	764,540
Total support services	<u>886,485</u>	<u>808,584</u>
Total expenses	<u>12,769,563</u>	<u>1,961,033</u>
Increase (decrease) in unrestricted net assets	<u>27,631</u>	<u>(271,657)</u>
Changes in temporarily restricted net assets:		
Contributions	2,146,176	1,049,921
Net assets released from restrictions	(737,198)	(27,500)
Increase in temporarily restricted net assets	<u>1,408,978</u>	<u>1,022,421</u>
Changes in net assets	1,436,609	750,764
Net assets at beginning of year	1,434,266	683,502
Net assets at end of year	<u>\$ 2,870,875</u>	<u>\$ 1,436,266</u>

See accompanying notes to financial statements.

Georgia Cancer Coalition, Inc.
(A Not-For-Profit-Organization)

Statements of Changes in Net Assets
For the Years Ended June 30, 2008 and 2007

	Unrestricted	Temporarily Restricted	Total
Net assets at June 30, 2006	\$ 603,249	\$ 80,253	\$ 683,502
Changes in net assets	<u>(271,657)</u>	<u>1,022,421</u>	<u>750,764</u>
Net assets at June 30, 2007	331,592	1,102,674	1,434,266
Changes in net assets	<u>27,631</u>	<u>1,408,978</u>	<u>1,436,609</u>
Net assets at June 30, 2008	<u>\$</u>	<u>\$</u>	<u>\$ 2,870,875</u>

See accompanying notes to financial statements.

Georgia Cancer Coalition, Inc.
(A Not-For-Profit Organization)

Notes to Financial Statements
June 30, 2008 and 2007

Note 1: Description of Organization and Summary of Significant Accounting Policies

Description of Organization

The Georgia Cancer Coalition, Inc. (the Coalition), a 501(c)(3) not-for-profit organization, was incorporated under the laws of the state of Georgia on July 27, 2001. The mission of the Coalition is to reduce the number of cancer deaths in Georgia and to move Georgia to the top ranks of cancer care in the nation by increasing awareness and cancer screening (prevention), improving early detection of cancer (prevention), improving access to quality care in Georgia (treatment), saving more lives (research), training cancer researchers and caregivers (education), and realizing economic benefits from eradicating cancer (economic development). Resources for the Coalition's activities are primarily provided by the Georgia General Assembly from funds the state of Georgia receives through the tobacco settlement trust. The Coalition also receives contributions, including certain in-kind contributions and sponsorships from corporations, foundations and other private donors. The Coalition's corporate offices are located in Atlanta, Georgia.

The Coalition provides the leadership necessary to create and build a statewide network of people and organizations – doctors, clinicians, scientists, hospitals, government agencies, public health services, cancer survivors and community health groups, universities, industries, not-for-profit organizations and interested individuals – that are able to work together to improve the quality care available in the state of Georgia.

Use of Estimates in Financial Statements

The Coalition prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations* (SFAS No. 117). Under SFAS No. 117, the Coalition is required to report information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets are resources that are neither permanently nor temporarily restricted by donor-imposed stipulations. The only limits on unrestricted net assets are those resulting from the nature of the Coalition and its purposes.

Temporarily restricted net assets are resources whose use by the Coalition is limited by donor-imposed stipulations that either expire by the passage of time or the purpose has been fulfilled (see Note 6).

- Permanently restricted net assets are resources whose use by the Coalition is limited by donor-imposed stipulations that neither expire by the passage of time nor can be removed by actions of the Coalition. There were no permanently restricted net assets at June 30, 2008 or 2007.

Cash

Cash balances may exceed federally insured amounts. The Coalition believes it mitigates any risks by depositing cash with major financial institutions.

Grants Receivable

Grants receivable are unsecured receivables from various state of Georgia agencies. Management evaluates the collectibility of grants receivable annually. In the opinion of management, as of June 30, 2008 and 2007, all grants receivable were collectible and no allowance for doubtful grants was necessary.

Unconditional Promises to Give

Contributions (including unconditional promises to give) are recognized as revenue in the year they are received or promised. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions in the accompanying statements of activities. Conditional promises to give are not included as support until the conditions are substantially met.

The Coalition recognizes contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor-imposed temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and presented in the accompanying statements of activities as net assets released from restrictions.

The Coalition uses the allowance method to determine the uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. In the opinion of management, as of June 30, 2008 and 2007, all unconditional promises to give were collectible and no allowance for uncollectible promises was necessary.

Other Receivables

Other receivables primarily represent a receivable from the Georgia Center for Oncology Research and Education for the reimbursement of operating expenses paid by the Coalition on their behalf. Management evaluates the collectability of other receivables annually. In the opinion of management, as of June 30, 2008 and 2007, all other receivables were collectible and no allowance for uncollectible receivables was necessary.

Property and Equipment

Additions to property and equipment are stated at cost if purchased or fair value at the gift date if donated. Additions of property and equipment greater than \$500 are capitalized and depreciated over the estimated useful life of the asset. Depreciation is computed over the estimated useful lives of the assets using the straight-line method. Furniture and fixtures are depreciated over seven years and computer equipment and software are depreciated over three to five years. Leasehold improvements are amortized using the straight-line method over the lesser of the remaining lease terms or the estimated useful lives of the improvements.

The Coalition recognizes contributions of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-term assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-term assets are recognized as restricted support. In the absence of explicit donor stipulations about how long those long-term assets must be maintained, the Coalition reports expirations of donor-imposed restrictions when the donated or acquired long-term assets are placed in service.

Impairment

Long-lived assets such as property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of property and equipment may not be recoverable. When indicators of impairment are present, the Coalition evaluates the carrying amount of such assets in relation to the operating performance and future estimated undiscounted net cash flows expected to be generated by the assets or underlying operations. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. The assessment of the recoverability of assets will be impacted if estimated future operating cash flows are not achieved. In the opinion of management, no long-lived assets were impaired as of June 30, 2008 and 2007.

Recognition of Revenue and Expenses and Deferred Revenue

The Coalition receives grants from state governmental agencies and contributions and sponsorships from corporations, foundations and other private donors. The characteristics of each individual grant, contribution or sponsorship are considered to determine whether the grant, contribution or sponsorship should be classified as an exchange transaction, a contribution or a combination of both. The factors indicating an exchange transaction tend to describe transactions where the resource provider expects to receive commensurate value (e.g., delivery and/or performance requirements) in exchange for the assets transferred and where the potential public benefits are secondary to the potential proprietary benefits to the resource provider. The factors indicative of a contribution tend to describe transactions where the value, if any, returned to the resource provider is incidental to potential public benefits.

Revenue from exchange transactions is recorded as the costs are incurred for cost reimbursement grants and sponsorships or as the services are performed for operating and performance grants and sponsorships. Revenue from grants is reflected as grants and revenue from sponsorships is included in unrestricted contributions in the accompanying statements of activities. Resources received in advance of the related exchange transaction are recorded as deferred revenue until the exchange transaction takes place and the exchange transaction is recognized.

Donated Goods and Services

Donated goods and assets, such as materials, equipment or other assets, are reported as contributions at their estimated fair values at the date of donation. Donated services, such as advertising, legal services and public relations services, that create or enhance nonfinancial assets or that require specialized skills, that are provided by individuals possessing those skills and that would typically need to be purchased if not provided by donation, are recorded as contributions at their estimated fair values in the period the services are performed.

The Coalition received donated services, primarily consulting services, with an estimated fair value of approximately \$169,400 in fiscal year 2008 and \$32,600 in fiscal year 2007.

Major Resource Provider

At June 30, 2008 and 2007, approximately 100% of grants receivable related to two resource providers. During 2008 and 2007, approximately 79% and 84%, respectively, of total revenue pertained to one resource provider.

Income Taxes

The Coalition has been granted tax-exempt status under Section 501(a) of the Internal Revenue Code (the Code) as an organization described in Section 501(c)(3) whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to Federal income tax. The Coalition has been classified by the Internal Revenue Service as a publicly supported organization and not as a private foundation. The Coalition had no significant unrelated business taxable income during fiscal 2008 or 2007. Accordingly, no provision or benefit for income taxes has been recorded in the accompanying financial statements.

Functional Expenses

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

Reclassification

Certain amounts previously reported have been reclassified in order to be consistent with the current year presentation. These reclassifications had no effect on previously reported changes in net assets.

Note 2: Factors Affecting Operations

The Coalition's primary resource provider has only committed to continue its funding of the Coalition for fiscal year 2009. The future success of the Coalition is contingent upon, among other things, the ability to obtain continued funding from its primary resource provider, foster continued support by the governor and the Georgia General Assembly, develop alternative sources of revenue and support and provide sufficient cash from operations to meet current and future obligations.

Management has prepared forecasts that indicate the Coalition will report positive changes in net assets in fiscal year 2009; however, the ultimate ability to achieve those forecasts cannot be determined at this time. The accompanying financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Note 3: Unconditional Promises to Give

At June 30, 2008 and 2007, unconditional promises to give were as follows:

		2007
Unconditional promises to give expected to be collected		
Within one year	\$ 400,000	\$ 415,000
One to five years	<u>1,362,802</u>	<u>400,000</u>
	1,762,802	815,000
Less allowance for discounts	<u>154,490</u>	<u>50,666</u>
	<u>\$ 1,608,312</u>	<u>\$ 764,334</u>

Unconditional promises to give were discounted to their present value using interest rates ranging from 3.66% to 4.48% as of June 30, 2008 and 4.48% as of June 30, 2007.

Note 4: Property and Equipment

At June 30, 2008 and 2007, property and equipment were as follows:

		2007
Furniture and fixtures	\$ 93,775	\$ 93,775
Computer equipment	71,543	60,671
Computer software	19,945	18,375
Leasehold improvements	<u>5,740</u>	<u>5,740</u>
	191,003	178,561
Less accumulated depreciation and amortization	<u>129,878</u>	<u>97,403</u>
	<u>\$ 61,125</u>	<u>\$ 81,158</u>

Depreciation and amortization expense totaled \$32,475 in fiscal year 2008 and \$29,630 in fiscal year 2007.

Note 5: Operating Leases

The Coalition leases administrative office space and office equipment under lease agreements accounted for as operating leases. In general, the leases require the Coalition to pay for certain expenses, such as taxes, utilities, maintenance and insurance. Management expects that in the normal course of business, the leases will be renewed or replaced upon expiration.

At June 30, 2008, the estimated future minimum lease payments under all operating leases were as follows:

Year Ending June 30

2009	\$ 147,224
2010	148,141
2011	152,601
2012	<u>157,208</u>
	<u>\$ 605,174</u>

The administrative office space lease is subject to annual renewal at the option of management through June 2012. Management intends to exercise all annual renewal options assuming that the Coalition's major resource provider continues to commit its funds to the Coalition (see Note 2); accordingly, the schedule of future minimum rental payments shown above includes periods subject to annual renewal.

Rent expense under all operating leases totaled \$146,065 in fiscal 2008 and \$141,798 in fiscal 2007.

Note 6: Temporarily Restricted Net Assets

The components of temporarily restricted net assets at June 30, 2008 and 2007 were as follows:

	2008	2007
Program expense restrictions:		
Treatment	\$ 2,717	\$ 2,717
Prevention	23,604	23,604
Research	2,386,887	886,292
Education	<u>2,727</u>	<u>2,727</u>
	2,415,935	915,340
Time restrictions:		
For periods after June 30, 2008	<u>95,717</u>	<u>187,334</u>
	<u>\$ 2,511,652</u>	<u>\$ 1,102,674</u>

Net assets were released from donor restrictions during fiscal 2008 and 2007 by incurring expenses satisfying purposes specified by donors as follows:

	2008	2007
Program expenses:		
Research	\$ <u>637,198</u>	\$ <u>27,500</u>
	637,198	27,500
Amounts released based on satisfaction of time requirements	<u>100,000</u>	<u> </u>
	<u>\$ 737,198</u>	<u>\$ 27,500</u>

Note 7: Employee Benefits

The Coalition has no employees. All employees are provided through resource providers or other service providers on an expense reimbursement basis. Under this arrangement, the third party providers are responsible for all payroll, benefits and related costs. As part of the arrangement, the third party providers' employees are eligible to participate in certain employee benefit plans sponsored by the third party providers. The third party providers may make contributions to the plans, including matching contributions, on behalf of the employees.

Note 8: Commitments and Contingencies

Grants Payable

The Coalition has entered into conditional grants payable through its statewide network and other service providers totaling approximately \$1,813,600 and \$614,286 as of June 30, 2008 and 2007. Such grants are ultimately subject to the availability of funding from third parties (see Note 1).

These grants have not been reflected in the accompanying financial statements given their conditional status.

Government Grants

State funded programs are routinely subject to special audit. Such audits could result in claims against the resources of the Coalition. No provision has been made for any liabilities which may arise from such audits since the amounts, if any, cannot be determined as of June 30, 2008 or 2007.

Litigation

As of June 30, 2008 and 2007, the Coalition is not aware of any pending or foreseen litigation. The Coalition may from time to time become involved in litigation arising in the ordinary course of business. Any such litigation as it may arise will be consulted with legal counsel and should management estimate any material adverse effect on the Coalition's financial position, changes in net assets or cash flows, such effect will be disclosed.

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Supplemental Information

Independent Auditors' Report on Supplemental Information

To the Board of Trustees of
Georgia Cancer Coalition, Inc.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole of Georgia Cancer Coalition, Inc. (a not-for-profit organization) as of and for the years ended June 30, 2008 and 2007, which are presented in the preceding section of this report. The supplemental schedules presented hereinafter are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bennett Thrasher P.C.

October 8, 2008

Georgia Cancer Coalition, Inc
(A Not-For-Profit Organization)

Schedule of Functional Expenses
For the Year Ended June 30, 2008

	Program Services					Total
	Prevention	Treatment	Research	Education	Economic Development	
Compensation and benefits	\$ 50,299	\$ 121,418	\$ 288,068	\$	\$ 14,375	\$ 474,160
Cancer research fund grants			164,750			164,750
Clinical trials network grants			6,068			6,068
Communications	3,805		9,743			13,548
Distinguished cancer clinician and scientist grants			7,556,055			7,556,055
Caregiver grants	-			143,484		143,484
Other grants	786,000	50,000	637,198			1,473,198
Information technology		-				
Other			-	5,000		5,000
Professional fees	134,291	117,239	2,253	-	9,845	263,628
Regional programs of excellence grants	-	8,258	-			8,258
Rent	11,537	3,498	121,380	1,756	357	138,528
Supplies	501				1,748	2,249
Travel and meetings	2,348	4,715			4,410	11,473
Quality information exchange	-		1,377,374		-	1,377,374
Tumor and tissue repositories grants			245,305			245,305
Total expenses before depreciation and amortization	988,781	305,128	10,408,194	150,240	30,735	11,883,078
Depreciation and amortization						
Total expenses	\$ 988,781	\$ 305,128	\$ 10,408,194	\$ 150,240	\$ 30,735	\$ 11,883,078

See independent auditors' report on supplemental information and accompanying notes to financial statements.

Support Services			
Fund- raising	Management and General	Total	Expenses
\$ 42,049	\$ 349,291	\$ 391,340	\$ 865,500
	-		164,750
	52,398	52,398	65,946
			7,556,055
			143,484
			1,473,198
	18,554	18,554	18,554
	51,371	51,371	56,371
33,487	221,527	255,014	518,642
			8,258
	10,331	10,331	148,859
	22,116	22,116	24,365
	52,886	52,886	64,359
			1,377,374
75,536	778,474	854,010	12,737,088
			245,305
\$ 75,536	\$ 810,949	\$ 886,485	\$ 12,769,563

Georgia Cancer Coalition, Inc
(A Not-For-Profit Organization)

Schedule of Functional Expenses
For the Year Ended June 30, 2007

	Program Services					Total
	Prevention	Treatment	Research	Education	Economic Development	
Compensation and benefits	\$ 52,924	\$ 61,324	\$ 281,531	\$ 10,055	\$ 23,558	\$ 429,392
Cancer research fund grants			682,385			682,385
Clinical trials network grants			1,261,507			1,261,507
Communications	1,955		11,467	894	126	14,442
Distinguished cancer clinician and scientist grants			6,723,140	-		6,723,140
Caregiver grants		-	-	242,951		242,951
Other grants	11,695	50,000	27,500			89,195
Information technology				-		
Other	-	-	-	11,250	-	11,250
Professional fees	14,497	42,033	,100	3,904	2,924	64,458
Regional programs of excellence grants		519,117			-	519,117
Rent	822	8,309	119,267	3,247	496	132,141
Supplies					11,354	11,354
Travel and meetings	,102				3,054	4,156
Quality information exchange			594,447		-	594,447
Tumor and tissue repositories grants			372,514			372,514
Total expenses before depreciation and amortization	82,995	680,783	10,074,858	272,301	41,512	11,152,449
Depreciation and amortization						
Total expenses	\$ 82,995	\$ 680,783	\$ 10,074,858	\$ 272,301	\$ 41,512	\$ 11,152,449

See independent auditors' report on supplemental information and accompanying notes to financial statements.

<u>Support Services</u>			
<u>Fund-raising</u>	<u>Management and General</u>	<u>Total</u>	<u>Total Expenses</u>
43,157	\$ 379,880	\$ 423,037	\$ 852,429
			682,385
			1,261,507
	57,062	57,062	71,504
			6,723,140
			242,951
			89,195
	16,396	16,396	16,396
	46,045	46,045	57,295
887	138,755	139,642	204,100
			519,117
	9,657	9,657	141,798
	18,044	18,044	29,398
	69,071	69,071	73,227
			594,447
			372,514
44,044	734,910	778,954	11,931,403
	29,630	29,630	29,630
<u>\$ 44,044</u>	<u>\$ 764,540</u>	<u>\$ 808,584</u>	<u>\$ 11,961,033</u>