*Reviewed Financial Statements*

# Walk With Sally

Year Ended December 31, 2015

# Contents

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# Independent Accountants' Review Report

Board of Directors
Walk With Sally
El Segundo, California

We have reviewed the accompanying statement of financial position of Walk With Sally (a nonprofit organization), as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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, we do not express such an opinion.

**Management's Responsibility for the Financial Statements**

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; 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.

**Accountants' Responsibility**

Our 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 us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our report.

**Accountants' Conclusion**

Based on our review we are 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.

Raimondo Pettit Group

Torrance, California
June 16, 2016

# Walk With Sally

## Statement of Financial Position

| *December 31,* | | **2015** |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash | $ | 264,902 |
| Grant contributions receivable | | 5,000 |
| Total current assets | | 269,902 |
| Total assets | $ | 269,902 |
| **Liabilities and Net Assets** | | |
| **Current Liabilities** | | |
| Accrued liabilities | $ | 6,304 |
| Total liabilities | | 6,304 |
| **Net Assets** | | |
| Unrestricted | | 230,621 |
| Temporarily restricted | | 32,977 |
| Total net assets | | 263,598 |
| Total liabilities and net assets | $ | 269,902 |

# Walk With Sally

## Statement of Activities

| *Year Ended December 31,* | Unrestricted | Temporarily Restrcted | Total |
|---|---|---|---|
| **Revenue and Support** | | | |
| Contributions | $ 129,962 | $ 49,395 | $ 179,357 |
| Program services | 1,521 | - | 1,521 |
| Special events | | | |
| Income | 650,460 | - | 650,460 |
| In-kind contributions | 443,902 | - | 443,902 |
| Direct expenses | (173,798) | - | (173,798) |
| In-kind expenses | (443,902) | - | (443,902) |
| Net special event income | 476,662 | - | 476,662 |
| Net assets released from restriction | 16,418 | (16,418) | - |
| Total support | 624,563 | 32,977 | 657,540 |
| **Operating Expenses** | | | |
| Program services | 290,177 | - | 290,177 |
| Support services | | | |
| Fundraising | 143,954 | - | 143,954 |
| General & administrative expenses | 43,727 | - | 43,727 |
| Total operating expenses | 477,858 | - | 477,858 |
| **Increase in net assets before extraordinary item** | 146,705 | 32,977 | 179,682 |
| Extraordinary item - loss on special event cancelation | (161,696) | - | (161,696) |
| **Change in net assets** | (14,991) | 32,977 | 17,986 |
| **Net assets at the beginning of year** | 245,612 | - | 245,612 |
| **Net assets at end of year** | $ 230,621 | $ 32,977 | $ 263,598 |

*See accompanying notes and Independent Accountants' Review Report.*

# Walk With Sally

## Statement of Functional Expenses

| *Year Ended December 31,* | | | | **2015** |
|---|---|---|---|---|
| | Program Services | Support Services | | |
| **Functional Expense** | Total Program Services | Fundraising Expenses | General & Administrative Expenses | Total Expenses |
| Expenses | | | | |
| Advertising | 3,152 | 3,152 | - | 6,304 |
| Dues and memberships | 113 | 450 | 563 | 1,126 |
| Website and graphic design | 10,424 | 6,479 | 519 | 17,422 |
| Human resources consulting | - | - | 1,676 | 1,676 |
| Insurance | 9,324 | 4,315 | 7,016 | 20,655 |
| Licenses & permits | - | 1,209 | 75 | 1,284 |
| Meals and entertainment | 936 | 358 | 894 | 2,188 |
| Merchant Fees | - | 17,046 | - | 17,046 |
| Office supplies | 3,403 | 1,702 | 567 | 5,672 |
| Other | 50 | 172 | 211 | 433 |
| Outside services | 4,705 | 1,008 | 1,008 | 6,721 |
| Personnel expenses | 202,634 | 93,756 | 6,049 | 302,439 |
| Professional fees | 2,134 | 2,134 | 19,466 | 23,734 |
| Program training and activities | 16,239 | - | - | 16,239 |
| Public relations | 6,012 | 6,012 | - | 12,024 |
| Rent | 16,950 | 3,632 | 3,632 | 24,214 |
| Repairs and maintenance | 161 | 35 | 35 | 231 |
| Storage | 1,140 | - | 157 | 1,297 |
| Telephone and internet | 3,798 | 1,085 | 543 | 5,426 |
| Temporary family support | 2,500 | - | - | 2,500 |
| Travel and meetings | 6,502 | 1,409 | 1,316 | 9,227 |
| **Total** | **$ 290,177** | **$ 143,954** | **$ 43,727** | **$ 477,858** |

*See accompanying notes and Independent Accountants' Review Report.*

# Walk With Sally

## Statement of Cash Flows

| *Year Ended December 31,* | **2015** |
|---|---|
| **Operating Activities:** | |
| Change in net assets | $ 17,986 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Increase (decrease) resulting from changes in: | |
| Prepaid expenses | 7,662 |
| Contributions and other receivables | 23,500 |
| Accrued liabilities | 1,394 |
| Net cash provided by operating activities | 50,542 |
| Net change in cash | 50,542 |
| Cash, beginning of period | 214,360 |
| Cash, end of period | $ 264,902 |



*See accompanying notes and Independent Accountants' Review Report.*

## 1. Non-Profit Operations and Summary of Accounting Policies

Nature of Activities

Walk With Sally, (the "Organization"), is a non-profit public benefit 501(c)(3) corporation founded on June 4, 2004. The Organization's mission is to provide free mentoring support programs and services to children of parents, guardians or siblings who have cancer or have succumbed to cancer.

The Organization is supported primarily through fundraising events and donations from the public. The Organization's costs consist primarily of staff salaries, consultants, equipment rental, entertainment, auctions and event materials. The Organization administers the following programs to help achieve its goals:

**Mentoring Program** – The focus of this program is to match and create one-on-one mentoring relationships ("Friendships") between a child and an adult who have both been impacted by cancer. The child in the "Friendship" is living with, lived with or lost a parent or sibling to cancer. The adult in the "Friendship" lived with or lost a parent/sibling to cancer in their lifetime or is a cancer survivor. The mentor and mentee commit to the Friendship for a minimum of 1 year, spending 6-8 hours together each month. During 2015, the Organization matched 31 mentees with mentors in this program and served a total of 59 families.

**Friendship Activity Program** – This program is a quarterly experiential and educational day-long event for all the mentoring friendships, their families, prospective families and mentors. An average of 43 participants attended four different friendship activities throughout the year.

**Heart to Home** - This program is a quarterly group art activity designed help provide mentees safe avenues for self-expression, increase coping skills and address the impact of cancer on the youth.

**Hope for the Holidays** – This program provides families in the mentoring program with support and assistance during the holiday season.

**Molly's Corner** - This program is designed to bring hope and healing through the use of books for family and children.

**Junior Mentor Program** - The Junior Mentor Program is designed to engage older mentees on a deeper level while giving them a leadership role within the Walk With Sally Mentoring Program.

**Fred's Future Young Leaders Scholarship** - This scholarship financially contributes to the Organization's mentees secondary education.

**Temporary Family Support Program** – This program provides financial assistance and resources to Walk With Sally families experiencing hardship.

**1. Non-Profit Operations and Summary of Significant Accounting Policies (Continued)**

Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the Untied States of America ("U.S. GAAP"). Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the organization and changes therein are classified and reported as follows:

*Unrestricted net assets* – Net assets that are not subject to any donor-imposed stipulations.

*Temporarily restricted net assets* – Net assets subject to donor-imposed restrictions on their use that may be met either by actions of the Organization or the passage of time. As of December 31, 2015, the Organization had total temporarily restricted net assets equal to $32,977 to be used for scholarships, and the purchase of fixed assets and software training.

*Permanently restricted net assets* – Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Organization. Generally, the donors permit the Organization to use all or part of the income earned for either general or donor-specified purposes (none as of December 31, 2015).

Management's Estimates

The preparation of financial statements in conformity with U.S. 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Grant Contributions Receivable

The Organization records accounts receivable for unpaid grants awarded and promises to give (contributions).

The Organization reviews accounts receivable on a regular basis to determine delinquent or past due items. A reserve is established if significant uncertainty exists as to the collectability and the amount is written off if it is determined that the amount will not be collected. All receivables were determined to be fully collectable as of December 31, 2015.

## 1. Non-Profit Operations and Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

The Organization has adopted authoritative guidance surrounding fair value measurements as it relates to financial and nonfinancial assets and liabilities. The guidance defines fair value as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Additionally, the guidance also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Authoritative guidance also provides the Organization the option to elect to measure eligible financial instruments at fair value on an instrument-by-instrument basis. At December 31, 2015, the Organization did not elect to measure any financial instruments at fair value.

The carrying amounts reported on the statement of financial position for cash, and accrued expenses approximate fair value based on the short-term maturity of these instruments.

Revenue Recognition

***Contributions and Unconditional Promises to Give***

The Organization records contributions and unconditional promises to give, as revenues when received or when a promise is made. Conditional promises to give are recognized as revenue when the conditions on which they depend have been substantially met. Contributions and promises to give receivable are recorded net of estimated uncollectible amounts which are determined based on management's analysis of specific contributions and promises made. Multi-year promises to give are not discounted if the amount of discount is not material.

The Organization reports donations of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. Revenues are reported as increases in unrestricted, temporarily restricted or permanently restricted net assets, depending on the existence or non-existence of donor imposed restrictions. 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 statement of activities as net assets released from restrictions.

When both restricted and unrestricted resources are available for use for the same purpose, it is the Organization's policy to use restricted resources first, then unrestricted resources as they are needed. Temporarily restricted revenues that are released from restrictions within the same fiscal year are shown as unrestricted.

## 1. Non-Profit Operations and Summary of Significant Accounting Policies (Continued)

Contributed Services and In-Kind Contributions

Volunteers make contributions of their time to the Organization's programs and supporting services on a regular basis. Many individuals volunteer their time as part of the Mentor Program and perform a variety of tasks that assist the Organization at the events, however, these services do not meet the criteria for recognition as contributed services described above. The Organization received more than 7,000 volunteer hours during the year-ended December 31, 2015.

The Organization receives in-kind contributions for special event and program expenses, such as food and beverages. The Organization records the revenue and the related expenses based on the fair market value of the good received as indicated by the donors.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. For the year ended December 31, 2015, the Organization has determined that no income taxes are due for its activities. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

Accounting standards require that a tax position be recognized or derecognized based on a 'more-likely than-not' threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include (or reflect) any uncertain tax positions. The Organization's tax returns are subject to examination by Federal taxing authorities for a period of three years from the date they are filed and a period of four years for California taxing authorities.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and services benefited based on management's estimates.

Concentration of Risk

The Organization is primarily supported by fundraising events. During the year ended December 31, 2015, the White Light White Night fundraising event provided 57% of the Organization's total support.

## 1. Non-Profit Operations and Summary of Significant Accounting Policies (Continued)

Concentration of Risk (Continued)

From time to time, the Organization may have cash and cash equivalent balances that exceed federally insured limits (unlimited coverage for non-interest bearing accounts and $250,000 per depositor, per insured bank for all other accounts). A failure of any banking institution in which the Organization has funds on deposit may result in a loss of deposits of amounts in excess of the then federally insured limit. Management believes that the financial institutions that hold the Organization's deposits are financially sound and therefore poses minimal credit risk.

Recent Accounting Pronouncements

In January 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-01, Income Statement-Extraordinary and Unusual Items. ASU 2015-01 states a material event or transaction considered to be of an unusual nature or of a type that indicates the infrequency of occurrence or both shall be reported as a separate component of income from continuing operations. ASU 2015-01 is effective for annual periods beginning after December 15, 2015 and is not expected to have a material effect on the Organization's financial statements or disclosures.

## 2. Leases

Operating Leases

The Organization leases office facilities in El Segundo, California, from a non-related party for a term ending March 31, 2017. The lease agreements require total monthly payments of approximately $1,710 plus taxes and common area maintenance fees.

Total rental expense approximated $24,214 during the year ended December 31, 2015, (including taxes and common area maintenance charges). Future minimum lease payments are as follows:

| *Years Ending December 31,* | | |
|---|---|---|
| 2016 | | 21,062 |
| 2017 | | 5,310 |
| | $ | 26,372 |

### 3. Extraordinary Loss

During July of 2015, the Organization experienced an extraordinary loss in the amount of $161,696 for direct special event fundraising expenses when a tropical storm caused the last-minute cancelation of the Organizations major fundraising event, White Light White Night (see Note 1, Concentrations), which was then rescheduled for a later date.

### 4. Subsequent Events

The management of the Organization have reviewed the results of operations and evaluated subsequent events for the period of time from its year ended December 31, 2015, through June 16, 2016, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred requiring disclosure.