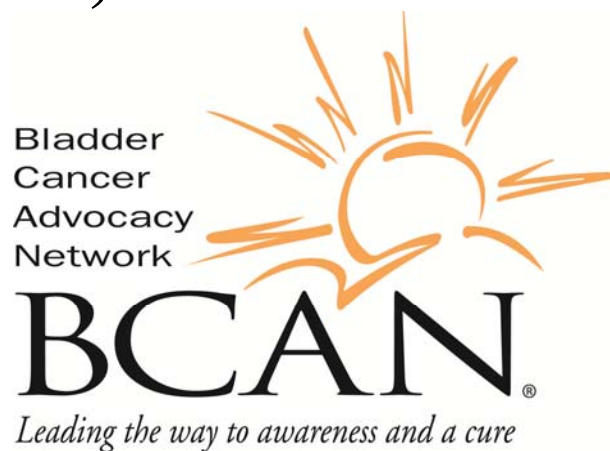


**Bladder Cancer  
Advocacy Network, Inc.  
Financial Statements  
December 31, 2014 and 2013**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Bladder Cancer Advocacy Network, Inc.  
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, 2014 and 2013, 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 auditors' 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 auditors consider 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, 2014 and 2013, 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 + Co., LLP*

March 26, 2015

**BLADDER CANCER ADVOCACY NETWORK, INC**

**STATEMENTS OF FINANCIAL POSITION**

	DECEMBER 31,	
<b>ASSETS</b>	<u>2014</u>	<u>2013</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 603,785	\$ 194,083
Certificates of deposit	436,773	560,533
Contributions receivable, current portion	271,413	28,968
Prepaid expenses and other current assets	17,745	2,996
<b>TOTAL CURRENT ASSETS</b>	<u>\$ 1,329,716</u>	<u>\$ 786,580</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>\$ 705</u>	<u>\$ 4,586</u>
<b>NONCURRENT ASSETS:</b>		
Contributions receivable, noncurrent portion	\$ 30,000	\$ 30,000
Security deposit	3,848	3,848
<b>TOTAL NONCURRENT ASSETS</b>	<u>\$ 33,848</u>	<u>\$ 33,848</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,364,269</u>	<u>\$ 825,014</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 2,358	\$ 7,449
Deferred revenue	20,000	20,000
Grants payable	300,000	150,000
<b>TOTAL LIABILITIES</b>	<u>\$ 322,358</u>	<u>\$ 177,449</u>
<b>OTHER LIABILITIES:</b>		
Deferred lease benefit	<u>\$ 11,259</u>	<u>\$ 13,083</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 333,617</u>	<u>\$ 190,532</u>
<b>NET ASSETS:</b>		
Unrestricted	\$ 317,422	\$ 165,775
Board-designated	240,000	-
Total unrestricted net assets	<u>\$ 557,422</u>	<u>\$ 165,775</u>
Temporarily restricted	473,230	468,707
<b>TOTAL NET ASSETS</b>	<u>\$ 1,030,652</u>	<u>\$ 634,482</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,364,269</u>	<u>\$ 825,014</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,

	2014			2013		
	Unrestricted	Temporarily Restricted	Totals	Unrestricted	Temporarily Restricted	Totals
<b>REVENUE:</b>						
Contributions and grants:						
Contributions	\$ 1,106,174	\$ 131,437	\$ 1,237,611	\$ 647,615	\$ 100,289	\$ 747,904
Grants	35,770	522,800	558,570	147,000	127,500	274,500
Conference income	156,306	-	156,306	24,490	-	24,490
Interest income	251	-	251	263	-	263
Other income	680	-	680	1,559	-	1,559
Net assets released from restrictions	649,714	(649,714)	-	341,075	(341,075)	-
<b>TOTAL REVENUE</b>	<u>\$ 1,948,895</u>	<u>\$ 4,523</u>	<u>\$ 1,953,418</u>	<u>\$ 1,162,002</u>	<u>\$ (113,286)</u>	<u>\$ 1,048,716</u>
<b>EXPENSES:</b>						
Program services:						
Research	\$ 649,535	\$ -	\$ 649,535	\$ 439,043	\$ -	\$ 439,043
Education and information	171,182	-	171,182	226,886	-	226,886
Think Tank	180,935	-	180,935	98,404	-	98,404
Other program services	287,575	-	287,575	178,191	-	178,191
Total program services	<u>\$ 1,289,227</u>	<u>\$ -</u>	<u>\$ 1,289,227</u>	<u>\$ 942,524</u>	<u>\$ -</u>	<u>\$ 942,524</u>
Supporting services:						
Management and general	\$ 148,210	\$ -	\$ 148,210	\$ 115,061	\$ -	\$ 115,061
Fundraising	119,811	-	119,811	104,603	-	104,603
Total supporting services	<u>\$ 268,021</u>	<u>\$ -</u>	<u>\$ 268,021</u>	<u>\$ 219,664</u>	<u>\$ -</u>	<u>\$ 219,664</u>
<b>TOTAL EXPENSES</b>	<u>\$ 1,557,248</u>	<u>\$ -</u>	<u>\$ 1,557,248</u>	<u>\$ 1,162,188</u>	<u>\$ -</u>	<u>\$ 1,162,188</u>
<b>CHANGE IN NET ASSETS</b>	\$ 391,647	\$ 4,523	\$ 396,170	\$ (186)	\$ (113,286)	\$ (113,472)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>\$ 165,775</u>	<u>\$ 468,707</u>	<u>\$ 634,482</u>	<u>\$ 165,961</u>	<u>\$ 581,993</u>	<u>\$ 747,954</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 557,422</u>	<u>\$ 473,230</u>	<u>\$ 1,030,652</u>	<u>\$ 165,775</u>	<u>\$ 468,707</u>	<u>\$ 634,482</u>

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

**BLADDER CANCER ADVOCACY NETWORK, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Research</u>	<u>Education and Information</u>	<u>Think Tank</u>	<u>Other Program Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel costs:								
Salaries	\$ 26,814	\$ 70,644	\$ 55,699	\$ 127,320	\$ 280,477	\$ 47,210	\$ 58,558	\$ 386,245
Payroll taxes	2,006	5,285	4,167	9,526	20,984	3,531	4,381	28,896
Employee benefits	2,349	6,189	4,879	11,154	24,571	4,135	5,130	33,836
Total personnel costs	<u>\$ 31,169</u>	<u>\$ 82,118</u>	<u>\$ 64,745</u>	<u>\$ 148,000</u>	<u>\$ 326,032</u>	<u>\$ 54,876</u>	<u>\$ 68,069</u>	<u>\$ 448,977</u>
Consultants	-	-	13,208	21,500	34,708	13,887	-	48,595
Legal expense	550	-	-	-	550	196	-	746
Grant expense	600,287	-	-	-	600,287	-	-	600,287
Occupancy expense	-	7,066	7,066	21,198	35,330	5,239	7,066	47,635
IT support and online fees	10,108	3,614	3,900	29,558	47,180	15,201	33,317	95,698
Meetings and conferences	-	1,347	72,259	5,238	78,844	962	273	80,079
Affiliate support	-	1,050	-	-	1,050	134	-	1,184
Travel	4,037	14,445	10,720	5,439	34,641	2,507	157	37,305
Dues and membership	3,125	(520)	-	4,881	7,486	2,841	-	10,327
Accounting fees	-	-	-	-	-	22,710	-	22,710
Office supplies	-	1,087	857	944	2,888	3,013	-	5,901
Printing and copying	-	35,292	1,186	2,718	39,196	14,517	-	53,713
Postage and shipping	-	8,330	555	11,453	20,338	4,167	347	24,852
Merchandise	-	652	-	-	652	-	-	652
Telephone and communications	259	1,427	380	1,140	3,206	366	380	3,952
Equipment rental and maintenance	-	152	-	-	152	2,426	-	2,578
Depreciation	-	764	764	1,529	3,057	60	764	3,881
Insurance	-	-	-	3,730	3,730	810	-	4,540
Marketing and promotion	-	1,261	-	-	1,261	1,552	-	2,813
State registrations	-	-	-	-	-	704	9,438	10,142
Media production/services	-	10,000	195	-	10,195	-	-	10,195
Board expense	-	-	-	2,795	2,795	2,037	-	4,832
T-shirt and promotional items	-	-	-	27,452	27,452	-	-	27,452
Volunteer recognition	-	3,097	5,100	-	8,197	-	-	8,197
Bank service charges	-	-	-	-	-	5	-	5
<b>TOTAL EXPENSES</b>	<u><u>\$ 649,535</u></u>	<u><u>\$ 171,182</u></u>	<u><u>\$ 180,935</u></u>	<u><u>\$ 287,575</u></u>	<u><u>\$ 1,289,227</u></u>	<u><u>\$ 148,210</u></u>	<u><u>\$ 119,811</u></u>	<u><u>\$ 1,557,248</u></u>

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

**BLADDER CANCER ADVOCACY NETWORK, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Research</u>	<u>Education and Information</u>	<u>Think Tank</u>	<u>Other Program Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel costs:								
Salaries	\$ 54,758	\$ 62,417	\$ 46,980	\$ 94,269	\$ 258,424	\$ 45,209	\$ 56,850	\$ 360,483
Payroll taxes	4,297	4,898	3,687	7,398	20,280	3,548	4,461	28,289
Employee benefits	2,951	3,364	2,532	5,080	13,927	2,436	3,064	19,427
Total personnel costs	<u>\$ 62,006</u>	<u>\$ 70,679</u>	<u>\$ 53,199</u>	<u>\$ 106,747</u>	<u>\$ 292,631</u>	<u>\$ 51,193</u>	<u>\$ 64,375</u>	<u>\$ 408,199</u>
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
Occupancy expense	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
<b>TOTAL EXPENSES</b>	<u><u>\$ 439,043</u></u>	<u><u>\$ 226,886</u></u>	<u><u>\$ 98,404</u></u>	<u><u>\$ 178,191</u></u>	<u><u>\$ 942,524</u></u>	<u><u>\$ 115,061</u></u>	<u><u>\$ 104,603</u></u>	<u><u>\$ 1,162,188</u></u>

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,	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 396,170	\$ (113,472)
Reconciliation adjustments:		
Depreciation	3,881	6,785
Deferred lease benefit	(1,824)	77
Changes in assets and liabilities:		
Contributions receivable	(242,445)	(39,264)
Prepaid expenses and other current assets	(14,749)	1,520
Accounts payable and accrued expenses	(5,091)	(1,040)
Grants payable	150,000	100,000
<b>NET CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>	<u>\$ 285,942</u>	<u>\$ (45,394)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Security deposit	\$ -	\$ 3,847
Sales of certificates of deposit	123,760	-
Purchases of certificates of deposit	-	(310,085)
<b>NET CASH PROVIDED BY (USED IN)</b>		
<b>INVESTING ACTIVITIES</b>	<u>\$ 123,760</u>	<u>\$ (306,238)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>\$ 409,702</u>	<u>\$ (351,632)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>194,083</u>	<u>545,715</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 603,785</u></u>	<u><u>\$ 194,083</u></u>

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



# BLADDER CANCER ADVOCACY NETWORK, INC.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

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 by providing resources to not only those diagnosed with the disease but also their families, caregivers and the medical community united in support of people affected 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 their 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 plans to expand this innovative research program which provides hope for future treatments. In 2014, BCAN established the Bladder Cancer Research Innovation Award, a \$300,000 grant awarded over two-years, for a seasoned researcher to bring a new perspective to bladder cancer research. The new award helped the organization reach the \$1 million mark for research investment.

**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 2014, BCAN expanded support programs by engaging community volunteers to staff the BCAN Connection information and referral line. The program provides practical resources for those coping with a bladder cancer diagnosis. The Survivor 2 Survivor program connects newly diagnosed patients with survivors with a similar diagnosis.

# BLADDER CANCER ADVOCACY NETWORK, INC.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

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

**Think Tank** - The Bladder Cancer Think Tank (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 \$1,700 travel fellowships are awarded to early career physicians and scientists. The 2014 Think Tank was the largest to date engaging nearly 170 participants.

**Other Program Services** include the following:

**Walk for Bladder Cancer®** - The Walk for Bladder Cancer® is an awareness initiative in May that unites bladder cancer survivors, loved ones, and the medical community to promote recognition and understanding of the disease. In 2014, walks were organized in 62 cities in 29 states by community volunteers. Over 4,000 people participated in walks nationwide to increase awareness and promote early bladder cancer detection. The event includes a health walk, survivor recognition and education about the signs and symptoms of bladder cancer. Many walk participants also raise additional funds to support BCAN's mission programs. The Walk for Bladder Cancer® is held on the first Saturday in May to kick-off Bladder Cancer Awareness Month.

**Advocacy** - As the voice for the patient community, BCAN participates in coalitions and works with other membership groups to weigh in on policy issues that directly impact those living with bladder cancer. In 2014, BCAN hosted an advocacy day on Capitol Hill for survivors and loved ones to meet with their Congressional representatives. The advocates urged legislators to support a resolution recognizing National Bladder Cancer Awareness Month. Expanding cancer research is a priority for BCAN. We are a member of *One Voice Against Cancer*, a coalition of patient advocacy groups that work together to support government funded cancer research. Drug shortages, access to screening, and insurance coverage issues are BCAN's other legislative priorities.

**Patient and Volunteer Support** - BCAN is a grassroots organization and volunteers are an important part of patient outreach. In 2014, three patient and volunteer programs were formalized.

- **BCAN Connection** is an information and resource phone support program that provides practical help and resources to cancer patients and their loved ones. Volunteers answer questions from patients ranging from financial concerns to locating a urology center in their area.

# BLADDER CANCER ADVOCACY NETWORK, INC.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

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

**Patient and Volunteer Support** (Continued)

- **Survivor 2 Survivor** matches newly diagnosed patients with other survivors who have had a similar experience. Through these personal connections, newly diagnosed patients learn more about living with bladder cancer and treatment options.
- The **Speaker's Bureau** is a new program that trains community volunteers to promote bladder cancer awareness. The program has three components - providing basic information at health fairs, sharing your personal story to make an impact, and conducting a formal community education presentation "Bladder Cancer 101".

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

**Basis of Presentation** - Net assets, 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. Board designated or appropriated amounts are legally unrestricted and therefore reported as part of the unrestricted class.

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, 2014 and 2013.

**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.

**BLADDER CANCER ADVOCACY NETWORK, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

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

**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, 2014 and 2013, 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 years. Repairs and maintenance fees are charged to expense when incurred.

**Revenue Recognition** - Grants and contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Grants and contributions are recognized as revenue at the earlier of when they are received or unconditionally pledged.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 on the Statements of Activities as net assets released from restrictions.

Conference income is recognized at the time of the conference.

**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, 2014 and 2013, there was no unrelated business income.

**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.

**BLADDER CANCER ADVOCACY NETWORK, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

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, 2014 and 2013. At December 31, 2014, tax years 2011 through 2013 remain subject to examination by federal and state taxing jurisdictions. BCAN has not been contacted by any tax authority regarding any tax issue.

Note 2. **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.

Note 3. **Contributions Receivable** - As of December 31, 2014 and 2013, contributions receivable consisted of unconditional promises to give to promote bladder cancer research. The contributions are due as follows:

	<u>2014</u>	<u>2013</u>
Receivable in less than one year	\$ 271,413	\$ 28,968
Receivable in one to five years	30,000	30,000
Total contributions receivable	<u>\$ 301,413</u>	<u>\$ 58,968</u>

As of December 31, 2014 and 2013, management believes these contributions to be fully collectible, and accordingly no reserve has been established. No discount on contributions receivable has been recorded.

**BLADDER CANCER ADVOCACY NETWORK, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

Note 4. **Property and Equipment** - BCAN holds the following property and equipment as of December 31:

	<u>2014</u>	<u>2013</u>
Computer equipment and software	\$ 15,154	\$ 15,154
Furniture and equipment	<u>13,813</u>	<u>13,813</u>
Total property and equipment	\$ 28,967	\$ 28,967
Less, accumulated depreciation	<u>(28,262)</u>	<u>(24,381)</u>
Property and equipment, net	<u>\$ 705</u>	<u>\$ 4,586</u>

Depreciation expense totaled \$3,881 and \$6,785 for the years ended December 31, 2014 and 2013, respectively.

Note 5. **Temporarily Restricted Net Assets** - Temporarily restricted net assets as of December 31, 2014 and 2013 were comprised of the following purpose restricted categories:

	<u>2014</u>	<u>2013</u>
Cancer Research Challenge Grant	\$ 452,394	\$ 462,818
Bladder Cancer Genomic Collaboration	14,947	--
Patient Handbook	<u>5,889</u>	<u>5,889</u>
Total temporarily restricted net assets	<u>\$ 473,230</u>	<u>\$ 468,707</u>

Note 6. **Board Designated Net Assets** - In 2014, BCAN's Board of Directors designated \$140,000 of its unrestricted net assets to establish a reserve fund and another \$100,000 for research. These designated amounts cannot be used for operations unless the Board of Directors approves such action.

Note 7. **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 and BCAN's share of 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 \$11,259 and \$13,083 as of December 31, 2014 and 2013, respectively, is included in the accompanying statements of financial position. For the years ended December 31, 2014 and 2013, occupancy expense totaled \$47,635 and \$48,535, respectively.

At December 31, 2014, the future minimum base lease obligations are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2015	\$ 51,438
2016	53,496
2017	<u>13,504</u>
Total	<u>\$ 118,438</u>

**BLADDER CANCER ADVOCACY NETWORK, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

Note 7. **Commitments** (Continued)

During June 2014, BCAN entered into a 60 month lease for a Canon copier. At December 31, 2014, the future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2015	\$ 2,436
2016	2,436
2017	2,436
2018	2,436
2019	1,218
Total	<u>\$ 10,960</u>

Note 8. **Subsequent Events** - BCAN has evaluated subsequent events for potential required disclosure through March 26, 2015, which is the date financial statements were available to be issued.