

BLADDER CANCER ADVOCACY NETWORK, INC.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

Years Ended December 31, 2015 and 2014

BLADDER CANCER ADVOCACY NETWORK, INC.
Financial Statements

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INDEPENDENT AUDITORS' REPORT

**Board of Directors
Bladder Cancer Advocacy Network, Inc.
Bethesda, MD**

Report on the Financial Statements

We have audited the accompanying financial statements of Bladder Cancer Advocacy Network, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 from 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 the entity'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.

BLADDER CANCER ADVOCACY NETWORK, INC.

Independent Auditors' report

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bladder Cancer Advocacy Network, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Bladder Cancer Advocacy Network, Inc. as of December 31, 2014, were audited by other auditors whose report dated March 26, 2015, expressed an unmodified opinion on those statements.

DeLeon & Stang

**DeLeon & Stang, CPAs
Gaithersburg, Maryland
March 25, 2016**

BLADDER CANCER ADVOCACY NETWORK, INC.
Statements of Financial Position
December 31, 2015 and 2014

	2015	2014
ASSETS		
<u>Current assets:</u>		
Cash and cash equivalents	\$1,422,637	\$ 603,785
Certificates of deposit	273,809	436,773
Contributions receivable, current portion	966,000	271,413
Prepaid expenses and other current assets	16,135	17,745
Total current assets	2,678,581	1,329,716
<u>Noncurrent assets:</u>		
Contributions receivable, noncurrent portion	226,097	30,000
Property and equipment, net	1,000	705
Security deposit	3,848	3,848
Total noncurrent assets	230,945	34,553
Total Assets	\$2,909,526	\$1,364,269
Liabilities and Net Assets		
<u>Current liabilities:</u>		
Accounts payable and accrued expenses	\$ 7,529	\$ 2,358
Deferred revenue	95,000	20,000
Grants payable	250,000	300,000
Total current liabilities	352,529	322,358
<u>Other liabilities:</u>		
Deferred lease benefit	11,937	11,259
Total Liabilities	364,466	333,617
<u>Net assets:</u>		
Unrestricted	660,344	317,422
Board designated	240,000	240,000
Total unrestricted	900,344	557,422
Temporarily restricted	1,644,716	473,230
Total net assets	2,545,060	1,030,652
Total Liabilities and Net Assets	\$2,909,526	\$1,364,269

See Accompanying Notes to Financial Statements.

BLADDER CANCER ADVOCACY NETWORK, INC.
Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2015 and 2014

<u>Revenue and support:</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2014 Total</u>
Contributions and grants:						
Contributions	\$ 1,386,072	\$ 412,418	\$ 1,798,490	\$ 1,106,174	\$ 131,437	\$ 1,237,611
Grants	22,857	1,586,000	1,608,857	35,770	522,800	558,570
Conference income	163,666	-	163,666	156,306	-	156,306
Interest and other income	4,425	-	4,425	931	-	931
Net assets released from restrictions	<u>826,932</u>	<u>(826,932)</u>	<u>-</u>	<u>649,714</u>	<u>(649,714)</u>	<u>-</u>
Total revenue and support	2,403,952	1,171,486	3,575,438	1,948,895	4,523	1,953,418
<u>Expenses:</u>						
<u>Program services:</u>						
Research	826,931	-	826,931	649,535	-	649,535
Education and information	308,114	-	308,114	171,182	-	171,182
Think Tank	202,841	-	202,841	180,935	-	180,935
Other program services	<u>321,746</u>	<u>-</u>	<u>321,746</u>	<u>287,575</u>	<u>-</u>	<u>287,575</u>
Total program services	1,659,632	-	1,659,632	1,289,227	-	1,289,227
<u>Supporting services:</u>						
Management and general	287,001	-	287,001	148,210	-	148,210
Fundraising	<u>114,397</u>	<u>-</u>	<u>114,397</u>	<u>119,811</u>	<u>-</u>	<u>119,811</u>
Total supporting services	401,398	-	401,398	268,021	-	268,021
Total expenses	<u>2,061,030</u>	<u>-</u>	<u>2,061,030</u>	<u>1,557,248</u>	<u>-</u>	<u>1,557,248</u>
Change in net assets	342,922	1,171,486	1,514,408	391,647	4,523	396,170
Net assets, beginning of year	<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>
Net assets, end of year	<u>\$ 900,344</u>	<u>\$ 1,644,716</u>	<u>\$ 2,545,060</u>	<u>\$ 557,422</u>	<u>\$ 473,230</u>	<u>\$ 1,030,652</u>

See Accompanying Notes to Financial Statements.

See Accompanying Notes to Financial Statements.

BLADDER CANCER ADVOCACY NETWORK, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2015

	2015							
	Program services					Supporting services		
	Research	Education and Information	Think Tank	Other Program Services	Total	Management and general	Fundraising	2015 Total
Personnel costs:								
Salaries	\$ 28,402	\$ 86,114	\$ 50,101	\$ 155,982	\$ 320,599	\$ 37,262	\$ 73,844	\$ 431,705
Payroll taxes	1,888	6,201	2,884	12,623	23,596	3,243	5,459	32,298
Employee benefits	2,221	7,295	3,394	14,851	27,761	3,816	6,423	38,000
Total personnel costs	32,511	99,610	56,379	183,456	371,956	44,321	85,726	502,003
Consultants	-	-	14,600	38,935	53,535	1,225	-	54,760
Legal expense	3,300	-	-	600	3,900	20,716	1,486	26,102
Grant expense	765,235	-	-	-	765,235	-	-	765,235
Occupancy expense	8,090	8,090	8,090	24,270	48,540	8,090	8,090	64,720
IT support and online fees	9,000	3,839	1,627	12,421	26,887	24,022	7,199	58,108
Meetings and conferences	-	3,532	108,457	631	112,620	44,783	-	157,403
Affiliate support	-	-	-	118	118	845	-	963
Travel	5,166	30,538	8,305	6,680	50,689	8,100	-	58,789
Dues and membership	-	-	-	3,800	3,800	2,747	634	7,181
Accounting fees	-	-	-	-	-	25,601	-	25,601
Office supplies	-	3,041	1,486	8,061	12,588	4,325	-	16,913
Printing and copying	-	75,425	1,309	2,619	79,353	47,339	-	126,692
Postage and shipping	-	91	38	-	129	29,689	18	29,836
PCORI awards	-	56,738	-	-	56,738	-	-	56,738
Telephone and communications	129	2,642	344	1,040	4,155	347	344	4,846
Equipment rental and maintenance	-	586	586	1,757	2,929	586	586	4,101
Depreciation	-	172	172	517	861	172	172	1,205
Insurance	-	-	-	3,345	3,345	907	-	4,252
Marketing and promotion	-	9,760	600	3,050	13,410	1,226	-	14,636
State registrations	-	-	-	-	-	24	10,142	10,166
Media production/services	-	13,000	-	-	13,000	1,800	-	14,800
Board expense	-	-	-	-	-	15,477	-	15,477
T-shirt and promotional items	-	-	643	25,483	26,126	3,969	-	30,095
Permits and fees	-	1,050	-	4,815	5,865	120	-	5,985
Volunteer recognition	3,500	-	205	94	3,799	-	-	3,799
Miscellaneous expense	-	-	-	54	54	570	-	624
Total	\$ 826,931	\$ 308,114	\$ 202,841	\$ 321,746	\$ 1,659,632	\$ 287,001	\$ 114,397	\$ 2,061,030

See Accompanying Notes to Financial Statements.

BLADDER CANCER ADVOCACY NETWORK, INC.
Statement of Functional Expenses
For The Year Ended December 31, 2014

	2014							
	Program services					Supporting services		
	Research	Education and Information	Think Tank	Other Program Services	Total	Management and general	Fundraising	2014 Total
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	31,169	82,118	64,745	148,000	326,032	54,876	68,069	448,977
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
Total	\$ 649,535	\$ 171,182	\$ 180,935	\$ 287,575	\$ 1,289,227	\$ 148,210	\$ 119,811	\$ 1,557,248

See Accompanying Notes to Financial Statements.

BLADDER CANCER ADVOCACY NETWORK, INC.
Statements of Cash Flows
For the Years Ended December 31, 2015 and 2014

	2015	2014
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 1,514,408	\$ 396,170
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,205	3,881
Deferred lease benefit	678	(1,824)
Change in operating assets and liabilities:		
Contributions receivable	(890,684)	(242,445)
Prepaid expenses and other current assets	1,610	(14,749)
Accounts payable and accrued expenses	5,171	(5,091)
Deferred revenue	75,000	-
Grants payable	(50,000)	150,000
Net cash provided by operating activities	657,388	285,942
<u>Cash Flows From Investing Activities:</u>		
Sales of certificates of deposit	162,964	123,760
Purchases of fixed assets	(1,500)	-
Net cash provided by investing activities	161,464	123,760
 Net increase in cash and cash equivalents for the year	 818,852	 409,702
 Cash and cash equivalents at, beginning of year	 603,785	 194,083
 Cash and cash equivalents at, end of year	 \$ 1,422,637	 \$ 603,785

See Accompanying Notes to Financial Statements.

BLADDER CANCER ADVOCACY NETWORK, INC.
Notes to the Financial Statements
December 31, 2015 and 2014

NOTE 1- ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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 engaged a new generation of researchers with the Young Investigator Research Awards, and in 2015 granted two awards. In addition, BCAN supports exceptionally novel and creative projects with great potential to produce breakthroughs in the management of bladder cancer through its Bladder Cancer Research Innovation Award, a \$300,000 grant awarded over two-years. One Research Innovation award was granted in 2015. To encourage greater collaboration among bladder cancer researchers, BCAN launched the Bladder Cancer Genomics Consortium (BCGC), a collaborative effort between BCAN and major medical centers, with the goal of developing an enriched understanding of the genomic profile of bladder cancer to facilitate the development of novel therapeutics. The first research project is underway which focuses on patients with metastatic disease, an area in great need of improved treatments. BCAN has invested \$1.6 million from private philanthropy to support the study management, support services, and genomic sequencing reporting – costs which are often a barrier to personalized care for patients. With the launch of BCGC, BCAN has now invested more than \$3 million in bladder cancer research.

BLADDER CANCER ADVOCACY NETWORK, INC.

Notes to the Financial Statements (Continued)

December 31, 2015 and 2014

NOTE 1- ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. BCAN Connection, an information and referral line providing practical resources for those coping with a bladder cancer diagnosis is staffed by community volunteers. The Survivor 2 Survivor program connects newly diagnosed patients with survivors with a similar diagnosis.

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 2015 Think Tank was the largest to date engaging nearly 200 participants.

Other Program Services

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 2015, walks were organized in nearly 60 cities across the country by community volunteers. Over 4,000 people participated in walks nationwide to increase awareness and promote early bladder cancer detection.

BLADDER CANCER ADVOCACY NETWORK, INC.

Notes to the Financial Statements (Continued)

December 31, 2015 and 2014

NOTE 1- ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Program Services

Walk for Bladder Cancer®

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 in May as part of 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 2015, BCAN hosted an advocacy day on Capitol Hill for survivors and loved ones to meet with their Congressional representatives.

The advocates successfully 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. BCAN continues to expand its volunteer programs which were formalized in 2014.

- **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.
- **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".

BLADDER CANCER ADVOCACY NETWORK, INC.

Notes to the Financial Statements (Continued)

December 31, 2015 and 2014

NOTE 1- ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2015 and 2014.

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 the Financial Statements (Continued)

December 31, 2015 and 2014

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, 2015 and 2014, 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, 2015 and 2014, there was no unrelated business income.

BLADDER CANCER ADVOCACY NETWORK, INC.

Notes to the Financial Statements (Continued)

December 31, 2015 and 2014

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2015 and 2014. At December 31, 2015, tax years 2012 through 2014 remain subject to examination by federal and state taxing jurisdictions. BCAN has not been contacted by any tax authority regarding any tax issue.

BLADDER CANCER ADVOCACY NETWORK, INC.**Notes to the Financial Statements (Continued)****December 31, 2015 and 2014****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, 2015 and 2014, contributions receivable consisted of unconditional promises to give to promote bladder cancer research. The contributions receivables are due as of December 31, 2015 and 2014 as follows:

	<u>2015</u>	<u>2014</u>
Unconditional promises to give	\$1,206,097	\$ 301,413
Less: unamortized discount	<u>(14,000)</u>	<u>-</u>
Net unconditional promises to give	<u>\$1,192,097</u>	<u>\$ 301,413</u>

	<u>2015</u>	<u>2014</u>
Receivable in less than one year	\$ 966,000	\$ 271,413
Receivable in on to five years	<u>226,097</u>	<u>30,000</u>
Total contributions receivable	<u>\$1,192,097</u>	<u>\$ 301,413</u>

As of December 31, 2015 and 2014, management believes these contributions to be fully collectible, and accordingly no reserve has been established.

NOTE 4 PROPERTY AND EQUIPMENT

BCAN holds the following property and equipment as of December 31:

	<u>2015</u>	<u>2014</u>
Computer equipment and software	\$ 16,654	\$ 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>(29,467)</u>	<u>(28,262)</u>
Property and equipment, net	<u>\$ 1,000</u>	<u>\$ 705</u>

Depreciation expense totaled \$1,205 and \$3,881 for the years ended December 31, 2015 and 2014, respectively.

BLADDER CANCER ADVOCACY NETWORK, INC.**Notes to Financial Statements (Continued)****December 31, 2015 and 2014****NOTE 5** **TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets as of December 31, 2015 and 2014 were comprised of the following purpose restricted categories:

	<u>2015</u>	<u>2014</u>
Cancer Research Challenge Grant	\$ 310,660	\$ 452,394
Bladder Cancer Genomic Collaboration	1,328,167	14,947
Patient Handbook	<u>5,889</u>	<u>5,889</u>
Temporarily restricted net assets	<u>\$ 1,644,716</u>	<u>\$ 473,230</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. As of December 31, 2015 the Board designated \$240,000 of its unrestricted net assets for a reserve fund. 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. On April 6, 2015 BCAN signed an addendum to the lease for additional space, extending the lease for an additional five years. 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 \$11,937 and \$11,259 as of December 31, 2015 and 2014, respectively, is included in the accompanying statements of financial position. For the years ended December 31, 2015 and 2014, occupancy expense totaled \$64,720 and \$47,635, respectively.

At December 31, 2015, the future minimum base lease obligations are as follows:

<u>Year Ending</u> <u>December 31,</u>	
2016	\$ 72,757
2017	73,683
2018	77,008
2019	80,469
2020	<u>27,129</u>
Total	<u>\$ 331,046</u>

BLADDER CANCER ADVOCACY NETWORK, INC.

Notes to Financial Statements (Continued)

December 31, 2015 and 2014

NOTE 7 COMMITMENTS

During June 2014, BCAN entered into a 60 month lease for a Canon copier. At December 31, 2015, the future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	
2016	\$ 2,436
2017	2,436
2018	2,436
2019	<u>1,218</u>
Total	<u>\$ 8,526</u>

NOTE 8 SUBSEQUENT EVENTS

BCAN has evaluated subsequent events for potential required disclosure through March 25, 2016, which is the date financial statements were available to be issued.