



BLADDER CANCER ADVOCACY NETWORK, INC.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

Years Ended December 31, 2017 and 2016

BLADDER CANCER ADVOCACY NETWORK, INC.
Financial Statements

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Bladder Cancer Advocacy Network, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, 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 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, 2017 and 2016, 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.

DeLeon & Stang

DeLeon & Stang, CPAs
Gaithersburg, Maryland
March 23, 2018

BLADDER CANCER ADVOCACY NETWORK, INC.
Statements of Financial Position
December 31, 2017 and 2016

	2017	2016
ASSETS		
<u>Current assets:</u>		
Cash and cash equivalents	\$ 3,262,621	\$ 2,244,760
Certificates of deposit	288,660	273,850
Contributions receivable, current portion	799,123	923,956
Prepaid expenses and other current assets	16,347	13,950
Total current assets	4,366,751	3,456,516
<u>Noncurrent assets:</u>		
Contributions receivable, noncurrent portion	72,251	16,667
Property and equipment, net	-	500
Security deposit	3,848	3,848
Total noncurrent assets	76,099	21,015
Total Assets	\$ 4,442,850	\$ 3,477,531
Liabilities and Net Assets		
<u>Current liabilities:</u>		
Accounts payable and accrued expenses	\$ 58,525	\$ 7,288
Deferred revenue	96,110	-
Grants payable	150,000	150,000
Total current liabilities	304,635	157,288
<u>Other liabilities:</u>		
Deferred lease benefit	12,777	12,821
Total Liabilities	317,412	170,109
<u>Net assets:</u>		
Unrestricted	1,983,056	1,504,232
Board designated	500,000	240,000
Total unrestricted	2,483,056	1,744,232
Temporarily restricted	1,642,382	1,563,190
Total net assets	4,125,438	3,307,422
Total Liabilities and Net Assets	\$ 4,442,850	\$ 3,477,531

See Accompanying Notes to Financial Statements

BLADDER CANCER ADVOCACY NETWORK, INC.
Statements of Activities
For the Years Ended December 31, 2017 and 2016

Revenue and support:	Unrestricted	Temporarily Restricted	2017 Total	Unrestricted	Temporarily Restricted	2016 Total
Contributions and grants:						
Contributions	\$ 1,708,174	\$ 723,309	\$ 2,431,483	\$ 1,604,154	\$ 455,721	\$ 2,059,875
Grants	295,519	-	295,519	400,000	-	400,000
Conference income	181,120	-	181,120	89,937	-	89,937
Interest and other income	14,196	-	14,196	1,383	63	1,446
Net assets released from restrictions	<u>644,117</u>	<u>(644,117)</u>	<u>-</u>	<u>537,310</u>	<u>(537,310)</u>	<u>-</u>
Total revenue and support	2,843,126	79,192	2,922,318	2,632,784	(81,526)	2,551,258
Expenses:						
<u>Program services:</u>						
Research	642,299	-	642,299	530,696	-	530,696
Education and information	290,141	-	290,141	168,795	-	168,795
Think Tank	317,696	-	317,696	284,769	-	284,769
Other program services	<u>309,851</u>	<u>-</u>	<u>309,851</u>	<u>427,692</u>	<u>-</u>	<u>427,692</u>
Total program services	1,559,987	-	1,559,987	1,411,952	-	1,411,952
<u>Supporting services:</u>						
Management and general	386,219	-	386,219	228,125	-	228,125
Fundraising	<u>158,096</u>	<u>-</u>	<u>158,096</u>	<u>148,819</u>	<u>-</u>	<u>148,819</u>
Total supporting services	<u>544,315</u>	<u>-</u>	<u>544,315</u>	<u>376,944</u>	<u>-</u>	<u>376,944</u>
Total expenses	<u>2,104,302</u>	<u>-</u>	<u>2,104,302</u>	<u>1,788,896</u>	<u>-</u>	<u>1,788,896</u>
Change in net assets	738,824	79,192	818,016	843,888	(81,526)	762,362
Net assets, beginning of year	<u>1,744,232</u>	<u>1,563,190</u>	<u>3,307,422</u>	<u>900,344</u>	<u>1,644,716</u>	<u>2,545,060</u>
Net assets, end of year	<u>\$ 2,483,056</u>	<u>\$ 1,642,382</u>	<u>\$ 4,125,438</u>	<u>\$ 1,744,232</u>	<u>\$ 1,563,190</u>	<u>\$ 3,307,422</u>

See Accompanying Notes to Financial Statements

BLADDER CANCER ADVOCACY NETWORK, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2017

	2017							
	Program services				Supporting services			
	Research	Education and Information	Think Tank	Other Program Services	Total	Management and general	Fundraising	2017 Total
Personnel costs:								
Salaries	\$ 25,537	\$ 92,913	\$ 105,571	\$ 144,160	\$ 368,181	\$ 100,848	\$ 94,977	\$ 564,006
Payroll taxes	1,461	5,886	6,688	9,133	23,168	6,389	6,018	35,575
Employee benefits	1,395	5,077	5,769	7,877	20,118	5,666	5,191	30,975
Total personnel costs	28,393	103,876	118,028	161,170	411,467	112,903	106,186	630,556
Grant expense	542,768	-	-	-	542,768	-	-	542,768
Meetings and conferences	3,500	52,811	135,562	59	191,932	17,889	356	210,177
Consultants	21,175	2,250	-	60,478	83,903	21,182	-	105,085
IT support and online fees	9,000	-	1,640	49	10,689	73,948	1,520	86,157
Travel	10,071	16,327	24,234	6,059	56,691	28,235	619	85,545
Marketing and promotion	4,195	9,334	212	20,274	34,015	49,432	-	83,447
Occupancy expense	-	12,131	13,806	21,845	47,782	13,454	12,402	73,638
Printing and copying	2,010	25,403	1,133	6,459	35,005	13,051	6,426	54,482
Office supplies	4,315	15,011	5,480	10,836	35,642	6,867	3,330	45,839
Media production/services	-	37,108	525	2,463	40,096	-	-	40,096
PCORI awards	13,463	-	-	-	13,463	17,178	-	30,641
Accounting fees	1,147	4,603	5,238	7,141	18,129	5,109	4,705	27,943
Postage and shipping	1,122	4,667	5,060	2,111	12,960	1,335	3,789	18,084
Dues and membership	-	-	-	-	-	12,049	2,155	14,204
Equipment rental and maintenance	500	2,096	2,282	3,354	8,232	2,224	2,050	12,506
State registrations	-	-	-	-	-	-	10,583	10,583
Insurance	306	1,227	1,396	1,904	4,833	1,361	1,254	7,448
Permits and fees	-	-	1,285	3,756	5,041	2,029	-	7,070
Telephone and communications	313	628	1,605	975	3,521	697	642	4,860
Professional development	-	1,800	-	-	1,800	-	1,995	3,795
Board expense	-	-	-	-	-	2,773	-	2,773
Depreciation	21	82	94	128	325	91	84	500
Miscellaneous expense	-	787	116	790	1,693	4,412	-	6,105
Total	<u>\$ 642,299</u>	<u>\$ 290,141</u>	<u>\$ 317,696</u>	<u>\$ 309,851</u>	<u>\$ 1,559,987</u>	<u>\$ 386,219</u>	<u>\$ 158,096</u>	<u>\$ 2,104,302</u>

See Accompanying Notes to Financial Statements

BLADDER CANCER ADVOCACY NETWORK, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2016

	2016							
	Program services					Supporting services		
	Research	Education and Information	Think Tank	Other Program Services	Total	Management and general	Fundraising	2016 Total
Personnel costs:								
Salaries	\$ 39,137	\$ 75,145	\$ 75,359	\$ 181,851	\$ 371,492	\$ 47,700	\$ 78,317	\$ 497,509
Payroll taxes	1,617	5,883	3,113	14,841	25,454	4,244	6,014	35,712
Employee benefits	1,698	6,179	3,270	15,586	26,733	4,457	6,316	37,506
Total personnel costs	42,452	87,207	81,742	212,278	423,679	56,401	90,647	570,727
Grant expense	464,512	-	-	-	464,512	-	-	464,512
Consultants	8,175	10,968	43,967	85,138	148,248	57,018	-	205,266
Meetings and conferences	2,117	5,361	121,004	27,836	156,318	282	-	156,600
Occupancy expense	-	10,520	10,520	31,560	52,600	10,521	10,520	73,641
Travel	1,098	13,823	18,227	4,726	37,874	9,915	3,757	51,546
IT support and online fees	9,058	-	990	6,648	16,696	21,073	13,447	51,216
Office supplies	82	4,530	4,492	16,405	25,509	11,324	1,186	38,019
Printing and copying	-	4,112	-	2,297	6,409	8,854	11,170	26,433
Accounting fees	-	-	-	-	-	25,850	-	25,850
Postage and shipping	-	3,640	1,595	346	5,581	9,805	3,138	18,524
T-shirt and promotional items	-	350	-	17,857	18,207	93	-	18,300
Marketing and promotion	-	7,519	1,123	1,550	10,192	2,788	2,394	15,374
Media production/services	-	11,596	-	3,054	14,650	-	-	14,650
Volunteer recognition	3,000	5,440	-	-	8,440	3,247	-	11,687
State registrations	-	-	-	-	-	400	11,017	11,417
Dues and membership	-	-	-	3,750	3,750	3,920	434	8,104
Permits and fees	-	120	-	7,432	7,552	543	-	8,095
Telephone and communications	202	2,863	363	1,089	4,517	364	363	5,244
Insurance	-	-	-	3,488	3,488	1,370	-	4,858
Equipment rental and maintenance	-	675	675	2,024	3,374	674	674	4,722
Board expense	-	-	-	-	-	1,955	-	1,955
Legal expense	-	-	-	-	-	1,210	-	1,210
Depreciation	-	71	71	214	356	72	72	500
PCORI awards	-	-	-	-	-	60	-	60
Miscellaneous expense	-	-	-	-	-	386	-	386
Total	<u>\$ 530,696</u>	<u>\$ 168,795</u>	<u>\$ 284,769</u>	<u>\$ 427,692</u>	<u>\$ 1,411,952</u>	<u>\$ 228,125</u>	<u>\$ 148,819</u>	<u>\$ 1,788,896</u>

See Accompanying Notes to Financial Statements

BLADDER CANCER ADVOCACY NETWORK, INC.
Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 818,016	\$ 762,362
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	500	500
Deferred lease benefit	(44)	884
Change in operating assets and liabilities:		
Contributions receivable	69,249	251,474
Prepaid expenses and other current assets	(2,397)	2,185
Accounts payable and accrued expenses	51,237	(241)
Deferred revenue	96,110	(95,000)
Grants payable	-	(100,000)
Net cash provided by operating activities	1,032,671	822,164
<u>Cash Flows From Investing Activities:</u>		
Reinvested interest income	(14,810)	(41)
Net cash used in investing activities	(14,810)	(41)
Net increase in cash and cash equivalents for the year	1,017,861	822,123
Cash and cash equivalents at, beginning of year	2,244,760	1,422,637
Cash and cash equivalents at, end of year	\$ 3,262,621	\$ 2,244,760

See Accompanying Notes to Financial Statements

BLADDER CANCER ADVOCACY NETWORK, INC.

Notes to the Financial Statements

December 31, 2017 and 2016

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 2017 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 2017. 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 \$2.3 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, 2017 and 2016

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 2017 Think Tank was the largest to date engaging nearly 230 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 2017, this community event was in over 30 communities with 250 teams participating across the country. National in scope, the walk to end bladder cancer reached more than 600,000 through the walk awareness campaign.

BLADDER CANCER ADVOCACY NETWORK, INC.

Notes to the Financial Statements (Continued)

December 31, 2017 and 2016

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 2016, BCAN hosted an advocacy day on Capitol Hill for survivors and loved ones to meet with their Congressional representatives. In 2017, in lieu of Hill Day, the Leadership Summit focused on advocacy issues. Advocacy alerts were disseminated to support CDMRP research funding for bladder cancer.

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.

BLADDER CANCER ADVOCACY NETWORK, INC.

Notes to the Financial Statements (Continued)

December 31, 2017 and 2016

NOTE 1- ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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, 2017 and 2016.

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, 2017 and 2016

NOTE 1- ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2017 and 2016, 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.

BLADDER CANCER ADVOCACY NETWORK, INC.

Notes to the Financial Statements (Continued)

December 31, 2017 and 2016

NOTE 1- ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Exempt Status

BCAN is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to BCAN's tax-exempt purpose is subject to taxation as unrelated business income. For the years ended December 31, 2017 and 2016, 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.

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, 2017 and 2016. At December 31, 2017, tax years 2014 through 2016 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, 2017 and 2016****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, 2017, contributions receivable consisted of unconditional promises to give to promote bladder cancer research. The contributions receivables are due as of December 31, 2017 and 2016 as follows:

	<u>2017</u>	<u>2016</u>
Unconditional promises to give	\$ 873,379	\$ 954,623
Less: unamortized discount	<u>(2,005)</u>	<u>(14,000)</u>
Net unconditional promises to give	<u>\$ 871,374</u>	<u>\$ 940,623</u>

	<u>2017</u>	<u>2016</u>
Receivable in less than one year	\$ 799,123	\$ 923,956
Receivable in on to five years	<u>72,251</u>	<u>16,667</u>
Total contributions receivable	<u>\$ 871,374</u>	<u>\$ 940,623</u>

As of December 31, 2017 and 2016, 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>2017</u>	<u>2016</u>
Computer equipment and software	\$ 16,654	\$ 16,654
Furniture and equipment	<u>13,813</u>	<u>13,813</u>
Total property and equipment	30,467	30,467
Less: accumulated depreciation	<u>(30,467)</u>	<u>(29,967)</u>
Property and equipment	<u>\$ -</u>	<u>\$ 500</u>

BLADDER CANCER ADVOCACY NETWORK, INC.**Notes to the Financial Statements (Continued)****December 31, 2017 and 2016****NOTE 4- PROPERTY AND EQUIPMENT (Continued)**

Depreciation expense totaled \$500 for both the years ended December 31, 2017 and 2016.

NOTE 5- TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2017 and 2016 were comprised of the following purpose restricted categories:

	<u>2016</u>	<u>Additions</u>	<u>Releases</u>	<u>2017</u>
Cancer Research Challenge Grant	\$ 332,457	\$ 473,486	\$ (456,095)	\$ 349,848
PCORI	-	245,519	(40,713)	204,806
Bladder Cancer Genomic Collaboration	1,224,844	4,304	(141,420)	1,087,728
Patient Handbook	5,889	-	(5,889)	-
	<u>\$ 1,563,190</u>	<u>\$ 723,309</u>	<u>\$ (644,117)</u>	<u>\$ 1,642,382</u>

NOTE 6- BOARD DESIGNATED NET ASSETS

As of December 31, 2017 and 2016, the Board designated \$500,000 and \$240,000, respectively, 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. Deferred lease benefits in the amounts of \$12,777 and \$12,821 as of December 31, 2017 and 2016, respectively, are included in the accompanying statements of financial position. For the years ended December 31, 2017 and 2016, occupancy expense totaled \$73,638 and \$73,641, respectively.

BLADDER CANCER ADVOCACY NETWORK, INC.

Notes to the Financial Statements (Continued)

December 31, 2017 and 2016

NOTE 7- COMMITMENTS (Continued)

At December 31, 2017, the future minimum base lease obligations are as follows:

<u>Year Ending December 31,</u>	
2018	\$ 77,008
2019	80,469
2020	<u>27,129</u>
	<u>\$ 184,606</u>

During June 2014, BCAN entered into a 60 month lease for a Canon copier. At December 31, 2017, the future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	
2018	\$ 2,436
2019	<u>1,218</u>
	<u>\$ 3,654</u>

NOTE 8- SUBSEQUENT EVENTS

BCAN has evaluated subsequent events for potential required disclosure through March 23, 2018, which is the date financial statements were available to be issued.