



**BLADDER CANCER ADVOCACY NETWORK, INC.**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**Years Ended December 31, 2018 and 2017**

**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, 2018 and 2017, 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, 2018 and 2017, 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.

#### **Emphasis of Matters**

As discussed in Note 10 to the financial statements, during the course of the current audit for the year ended December 31, 2018, an adjustment was discovered to be necessary to correct an understatement of amounts previously reported for accounts payable and expenses for the prior year ended December 31, 2017. Accordingly, the amounts reported for accounts payable and expenses have been restated in the 2017 financial statements now presented, and an adjustment has been made to the resulting net assets as of December 31, 2017. Our opinion is not modified with respect to that matter

As discussed in Note 1 to the financial statements, as of December 31, 2018, Bladder Cancer Advocacy Network, Inc. adopted Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, information about liquidity and availability of resources, methods used to allocate costs to programmatic and other support information, and direction for consistency about information provided on investment return. The adoption of the standard resulted in additional footnote disclosures and significant changes to the classification of net assets and the disclosures related to net assets. The ASU has been applied retrospectively to all periods presented with the exception of the omission of certain information as permitted by the ASU. Our opinion is not modified with respect to this matter.

*DeLeon & Stang, CPAs*

**DeLeon & Stang, CPAs and Advisors  
Gaithersburg, Maryland  
April 3, 2019**

**BLADDER CANCER ADVOCACY NETWORK, INC.**  
**Statements of Financial Position**  
**December 31, 2018 and 2017**

	<b>2018</b>	<b>RESTATED 2017</b>
<b>ASSETS</b>		
<b><u>Current assets:</u></b>		
Cash and cash equivalents	\$1,276,342	\$3,262,621
Certificates of deposit	1,003,095	288,660
Investments	2,184,959	-
Contributions receivable, current portion	392,111	799,123
Prepaid expenses and other current assets	20,451	16,347
Total current assets	4,876,958	4,366,751
<b><u>Noncurrent assets:</u></b>		
Contributions receivable, noncurrent portion	40,000	72,251
Property and equipment, net	-	-
Security deposit	3,848	3,848
Total noncurrent assets	43,848	76,099
<b>Total Assets</b>	<b>\$4,920,806</b>	<b>\$4,442,850</b>
<b>Liabilities and Net Assets</b>		
<b><u>Current liabilities:</u></b>		
Accounts payable and accrued expenses	\$ 47,886	\$ 173,946
Deferred revenue	120,000	96,110
Grants payable	194,557	150,000
Total current liabilities	362,443	420,056
<b><u>Other liabilities:</u></b>		
Deferred lease benefit	9,411	12,777
<b>Total Liabilities</b>	<b>371,854</b>	<b>432,833</b>
<b><u>Net assets:</u></b>		
Net Assets Without Donor Restrictions		
Undesignated	2,891,134	1,983,056
Board designated	700,000	500,000
	3,591,134	2,483,056
Net Assets With Donor Restrictions		
Restricted by purpose or time	957,818	1,526,961
Total net assets	4,548,952	4,010,017
<b>Total Liabilities and Net Assets</b>	<b>\$4,920,806</b>	<b>\$4,442,850</b>

See Accompanying Notes to Financial Statements

**BLADDER CANCER ADVOCACY NETWORK, INC.**

**Statements of Activities**

**For the Years Ended December 31, 2018 and 2017**

	<b>Without Donor</b>	<b>With Donor</b>	<b>2018</b>	<b>Without Donor</b>	<b>With Donor</b>	<b>RESTATED</b>
	<b>Restrictions</b>	<b>Restrictions</b>	<b>Total</b>	<b>Restrictions</b>	<b>Restrictions</b>	<b>2017</b>
	<b>Restrictions</b>	<b>Restrictions</b>	<b>Total</b>	<b>Restrictions</b>	<b>Restrictions</b>	<b>Total</b>
<b>Revenue and support:</b>						
Contributions and grants:						
Contributions	\$ 2,059,583	\$ 693,158	\$ 2,752,741	\$ 1,708,174	\$ 723,309	\$ 2,431,483
Grants	541,507	-	541,507	295,519	-	295,519
Conference income	235,897	-	235,897	181,120	-	181,120
Interest and other income	51,587	-	51,587	14,196	-	14,196
Net assets released from restrictions	<u>1,262,301</u>	<u>(1,262,301)</u>	<u>-</u>	<u>759,538</u>	<u>(759,538)</u>	<u>-</u>
Total revenue and support	4,150,875	(569,143)	3,581,732	2,958,547	(36,229)	2,922,318
<b>Expenses:</b>						
<u>Program services:</u>						
Research	1,348,753	-	1,348,753	757,720	-	757,720
Education and information	298,411	-	298,411	290,141	-	290,141
Think Tank	360,290	-	360,290	317,696	-	317,696
Other program services	<u>368,221</u>	<u>-</u>	<u>368,221</u>	<u>309,851</u>	<u>-</u>	<u>309,851</u>
Total program services	2,375,675	-	2,375,675	1,675,408	-	1,675,408
<u>Supporting services:</u>						
Management and general	458,878	-	458,878	386,219	-	386,219
Fundraising	<u>208,244</u>	<u>-</u>	<u>208,244</u>	<u>158,096</u>	<u>-</u>	<u>158,096</u>
Total supporting services	<u>667,122</u>	<u>-</u>	<u>667,122</u>	<u>544,315</u>	<u>-</u>	<u>544,315</u>
Total expenses	<u>3,042,797</u>	<u>-</u>	<u>3,042,797</u>	<u>2,219,723</u>	<u>-</u>	<u>2,219,723</u>
<b>Change in net assets</b>	1,108,078	(569,143)	538,935	738,824	(36,229)	702,595
<b>Net assets, beginning of year</b>	<u>2,483,056</u>	<u>1,526,961</u>	<u>4,010,017</u>	<u>1,744,232</u>	<u>1,563,190</u>	<u>3,307,422</u>
<b>Net assets, end of year</b>	<u>\$ 3,591,134</u>	<u>\$ 957,818</u>	<u>\$ 4,548,952</u>	<u>\$ 2,483,056</u>	<u>\$ 1,526,961</u>	<u>\$ 4,010,017</u>

See Accompanying Notes to Financial Statements

**BLADDER CANCER ADVOCACY NETWORK, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2018**

	2018							
	Program services				Supporting services			
	Research	Education and Information	Think Tank	Other Program Services	Total	Management and general	Fundraising	2018 Total
Personnel costs:								
Salaries	\$ 30,907	\$ 112,451	\$ 127,770	\$ 174,475	\$ 445,603	\$ 122,056	\$ 114,949	\$ 682,608
Payroll taxes	2,209	8,038	9,132	12,472	31,851	8,725	8,217	48,793
Employee benefits	1,695	6,168	7,009	9,570	24,442	6,695	6,305	37,442
Total personnel costs	34,811	126,657	143,911	196,517	501,896	137,476	129,471	768,843
Grant expense	1,228,509	-	-	-	1,228,509	-	-	1,228,509
Meetings and conferences	-	45,598	163,298	4,275	213,171	5,801	-	218,972
Marketing and promotion	-	7,025	524	32,389	39,938	76,365	1,995	118,298
Travel	2,373	21,369	18,149	20,795	62,686	43,799	2,295	108,780
Consultants	19,366	14,063	-	25,904	59,333	13,025	8,725	81,083
IT support and online fees	3,239	30	-	781	4,050	67,751	6,717	78,518
Occupancy expense	3,070	12,320	14,021	19,115	48,526	13,666	12,594	74,786
Printing and copying	585	6,789	1,100	17,901	26,375	30,251	14,642	71,268
PCORI awards	49,630	2,899	-	763	53,292	892	-	54,184
Media production/services	-	38,523	-	3,577	42,100	1,475	9,503	53,078
Accounting fees	1,305	5,239	5,962	8,128	20,634	5,811	5,355	31,800
Postage and shipping	27	2,749	1,630	3,123	7,529	19,323	167	27,019
Office supplies	731	8,159	4,719	5,549	19,158	4,015	2,848	26,021
Miscellaneous expense	-	2,015	420	7,900	10,335	8,152	43	18,530
Equipment rental and maintenance	413	1,957	1,886	4,631	8,887	1,838	1,694	12,419
Board expense	-	-	-	-	-	12,290	-	12,290
State registrations	-	-	-	-	-	1,244	10,534	11,778
Dues and membership	-	1,000	2,000	-	3,000	8,190	-	11,190
Permits and fees	625	-	-	8,962	9,587	11	-	9,598
Merchandise	-	664	1,062	5,763	7,489	-	-	7,489
Insurance	212	851	968	1,320	3,351	943	870	5,164
Donations - unrestricted	-	-	-	-	-	4,000	-	4,000
Research support	3,530	-	-	-	3,530	-	-	3,530
Telephone and communications	327	504	640	782	2,253	560	515	3,328
Affiliate support	-	-	-	46	46	2,000	-	2,046
Professional development	-	-	-	-	-	-	276	276
<b>Total</b>	<b>\$ 1,348,753</b>	<b>\$ 298,411</b>	<b>\$ 360,290</b>	<b>\$ 368,221</b>	<b>\$ 2,375,675</b>	<b>\$ 458,878</b>	<b>\$ 208,244</b>	<b>\$ 3,042,797</b>

See Accompanying Notes to Financial Statements

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

	<b>2017 (RESTATED)</b>							
	<b>Program services</b>				<b>Supporting services</b>			<b>RESTATED</b>
	<b>Research</b>	<b>Education and Information</b>	<b>Think Tank</b>	<b>Other Program Services</b>	<b>Total</b>	<b>Management and general</b>	<b>Fundraising</b>	
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	658,189	-	-	-	658,189	-	-	658,189
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
<b>Total</b>	<b>\$ 757,720</b>	<b>\$ 290,141</b>	<b>\$ 317,696</b>	<b>\$ 309,851</b>	<b>\$ 1,675,408</b>	<b>\$ 386,219</b>	<b>\$ 158,096</b>	<b>\$ 2,219,723</b>

See Accompanying Notes to Financial Statements



**BLADDER CANCER ADVOCACY NETWORK, INC.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2018 and 2017**

	<b>2018</b>	<b>RESTATED 2017</b>
<b><u>Cash Flows From Operating Activities:</u></b>		
Change in net assets	\$ 538,935	\$ 702,595
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	-	500
Deferred lease benefit	(3,366)	(44)
Change in operating assets and liabilities:		
Contributions receivable	439,263	69,249
Prepaid expenses and other current assets	(4,104)	(2,397)
Accounts payable and accrued expenses	(126,060)	166,658
Deferred revenue	23,890	96,110
Grants payable	44,557	-
Net cash provided by operating activities	913,115	1,032,671
<b><u>Cash Flows From Investing Activities:</u></b>		
Net purchases of government securities	(2,184,959)	-
Net purchases of certificates of deposit	(714,435)	(14,810)
Net cash used in investing activities	(2,899,394)	(14,810)
<b>Net (decrease) increase in cash and cash equivalents for the year</b>	(1,986,279)	1,017,861
<b>Cash and cash equivalents at, beginning of year</b>	3,262,621	2,244,760
<b>Cash and cash equivalents at, end of year</b>	\$ 1,276,342	\$ 3,262,621

**BLADDER CANCER ADVOCACY NETWORK, INC.**  
**Notes to the Financial Statements**  
**December 31, 2018 and 2017**

**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 2018 granted three 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 2018. 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, 2018 and 2017**

**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.

**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 2018, this community event was held in over 25 communities. 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, 2018 and 2017

**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. Through its annual Bladder Cancer Leadership Summit, BCAN provides participants with the opportunity to build connections, identify bladder cancer state and national legislative issues of importance, and learn best practices for raising awareness of bladder cancer within communities. In 2017, the summit was held in Rockville, MD, and in 2018 the summit was held in Houston, TX.

The advocates successfully urged legislators to support a resolution recognizing National Bladder Cancer Awareness Month. Expanding cancer research is a priority for BCAN. BCAN is 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, 2018 and 2017

**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.

New Accounting Pronouncement

During 2018, the BCAN adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements for Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; recognition of underwater endowment funds as a reduction in net assets with donor restrictions; and reporting investment income net of external and direct internal investment expenses. The guidance also enhances disclosures for board designated amounts, compositions of net assets with donor restrictions and how the restrictions affect the use of resources, qualitative and quantitative information about the liquidity and availability of financial assets to meet general expenditures within one year of the balance sheet date, and expenses by both their natural and functional classification, including methods used to allocate costs among program and support functions and underwater endowments.

Description of Net Assets

Net assets are classified based on existence or absence of donor-imposed restrictions as follows:

*Net Assets Without Donor Restrictions* are currently available for operating purposes under the direction of management and the board of directors or designated by the board for specific use.

**BLADDER CANCER ADVOCACY NETWORK, INC.**

**Notes to the Financial Statements (Continued)**

**December 31, 2018 and 2017**

**NOTE 1- ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Description of Net Assets (Continued)

*Net Assets With Donor Restrictions* are stipulated by donors for specific operating purposes or for the acquisition of property and equipment or are times restricted. These include donor restrictions requiring the net assets to be held in perpetuity or for a specific term with investment return specified for a specific purpose. Net assets with donor restrictions totaled \$957,818 and \$1,526,961 at December 31, 2018 and 2017, respectively.

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.

Investments

Investments consist primarily of US Treasuries. These investments with readily determinable fair values are reflected at their fair market value based on quoted market prices. To adjust the carrying amount of these investments, the difference between cost and fair market value is charged or credited to operations and reflected in the statements of activities. Dividends and interest are reflected as income when earned.

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, 2018 and 2017, management feels the amount in contributions receivable is fully collectible.

**BLADDER CANCER ADVOCACY NETWORK, INC.**

**Notes to the Financial Statements (Continued)**

**December 31, 2018 and 2017**

**NOTE 1- ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 that are designated for future periods or that are restricted by the donor for specific purposes, if any, are reported as support with donor restrictions and as an increase to net assets with donor restrictions. All other amounts received are reported as support without donor restrictions and as an increase to net assets without donor restrictions. Grants and contributions are recognized as revenue at the earlier of when they are received or unconditionally pledged.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions on the Statements of Activities.

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, 2018 and 2017, 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 the Financial Statements (Continued)**

**December 31, 2018 and 2017**

**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, 2018 and 2017. At December 31, 2018, tax years 2015 through 2017 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- INVESTMENTS**

The Fair Value Measurements topic of the FASB Accounting Standards Codification establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair values as follows:



**BLADDER CANCER ADVOCACY NETWORK, INC.****Notes to the Financial Statements (Continued)****December 31, 2018 and 2017****NOTE 3- INVESTMENTS (Continued)**

- Level 1. Observable inputs such as quoted prices in active markets for identical assets or liabilities;
- Level 2. Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

BCAN's investments consist entirely of U.S. Treasuries. The following is a description of the valuation methodologies used for US Treasuries at fair value and their classification in the valuation hierarchy:

*U.S. Government bonds* – Valued at closing price reported in the active market in which the security is traded. Such securities are classified within Level 2 of the valuation hierarchy. At December 31, 2018, investments totaling \$2,184,959 represent US Treasuries, the entirety of which is classified within Level 2 of the valuation hierarchy. At December 31, 2017, there were no investments.

**NOTE 4- CONTRIBUTIONS RECEIVABLE**

Contributions receivable consist of unconditional promises to give to promote bladder cancer research. Contributions receivable are due as of December 31, 2018 and 2017 as follows:

	<b><u>2018</u></b>	<b><u>2017</u></b>
Unconditional promises to give	\$ 434,116	\$ 873,379
Less: unamortized discount	<u>(2,005)</u>	<u>(2,005)</u>
Net unconditional promises to give	<u>\$ 432,111</u>	<u>\$ 871,374</u>
	<b><u>2018</u></b>	<b><u>2017</u></b>
Receivable in less than one year	\$ 392,111	\$ 799,123
Receivable in one to five years	<u>40,000</u>	<u>72,251</u>
Total contributions receivable	<u>\$ 432,111</u>	<u>\$ 871,374</u>

**BLADDER CANCER ADVOCACY NETWORK, INC.****Notes to the Financial Statements (Continued)****December 31, 2018 and 2017****NOTE 4- CONTRIBUTIONS RECEIVABLE (Continued)**

As of December 31, 2018 and 2017, management believes these contributions to be fully collectible, and accordingly no reserve has been established.

**NOTE 5- PROPERTY AND EQUIPMENT**

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

	<u>2018</u>	<u>2017</u>
Computer equipment and software	\$ 16,654	\$ 16,654
Furniture and equipment	13,813	13,813
Total property and equipment	30,467	30,467
Less: accumulated depreciation	<u>(30,467)</u>	<u>(30,467)</u>
Property and equipment	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense totaled \$0 for both the years ended December 31, 2018 and 2017.

**NOTE 6- NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of December 31, 2018 and 2017 were comprised of the following purpose restricted categories:

	<u>RESTATED</u> <u>2017</u>	<u>Additions</u>	<u>Releases</u>	<u>2018</u>
Cancer Research Challenge Grant	\$ 349,848	\$478,813	\$ (475,234)	\$ 353,427
PCORI	204,806	-	(58,432)	146,374
Bladder Cancer Genomic Collaboration	<u>972,307</u>	<u>214,345</u>	<u>(728,635)</u>	<u>458,017</u>
Net assets with donor restrictions	<u>\$ 1,526,961</u>	<u>\$693,158</u>	<u>\$ (1,262,301)</u>	<u>\$ 957,818</u>

**NOTE 7- BOARD DESIGNATED NET ASSETS**

As of December 31, 2018 and 2017, the Board designated \$700,000 and \$500,000, 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.

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**BLADDER CANCER ADVOCACY NETWORK, INC.**

**Notes to the Financial Statements (Continued)**

**December 31, 2018 and 2017**

**NOTE 8- COMMITMENTS**

BCAN leases space in Bethesda, Maryland under a 63-month lease that started on January 1, 2012 and ends on March 31, 2018, 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 \$9,411 and \$12,777 as of December 31, 2018 and 2017, respectively, are included in the accompanying statements of financial position. For the years ended December 31, 2018 and 2017, occupancy expense totaled \$74,786 and \$73,640, respectively.

At December 31, 2018, the future minimum base lease obligations are as follows:

<b>Year Ending December 31,</b>	
2019	\$ 80,469
2020	<u>27,129</u>
	<u>\$ 107,598</u>

During June 2014, BCAN entered into a 60 month lease for a Canon copier. At December 31, 2018, the future minimum lease payments are as follows:

<b>Year Ending December 31,</b>	
2019	\$ 1,218
	<u>\$ 1,218</u>

**NOTE 9- LIQUIDITY AND FUNDS AVAILABLE**

The following table reflects the Organization's financial assets as of December 31, 2018 and 2017, reduced by amounts not available for general expenditure within one year, if any. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, assets held for others, endowments and accumulated earnings net of appropriations within one year and board designated endowments. These board designations could be drawn upon if the board approves that action.

**BLADDER CANCER ADVOCACY NETWORK, INC.**

**Notes to the Financial Statements (Continued)**

**December 31, 2018 and 2017**

**NOTE 9- LIQUIDITY AND FUNDS AVAILABLE (Continued)**

Financial assets available to meet cash needs for general expenditures within one year as of December 31,

	<u>2018</u>	<u>2017</u>
Financial assets:		
Cash and cash equivalents	\$ 1,276,342	\$3,262,621
Certificates of deposit	1,003,095	288,660
Investments	2,184,959	-
Contributions receivable, current portion	<u>392,111</u>	<u>799,123</u>
Financial assets, at year-end:	<u>\$ 4,856,507</u>	<u>\$4,350,404</u>

At December 31, 2018 and 2017, all certificates of deposits and investments included maturity dates in the upcoming year and were expected to be redeemed and available for general expenditures within the next year.

**NOTE 10- RESTATEMENT**

In February 2018, the Organization received an invoice from the Hoosier Cancer Research Network for \$115,421 of research expenses related to the year ended December 31, 2017. The 2017 financial statements have been restated to reflect these expenses in the accompanying financial statements. The restatement resulted in accounts payable and research costs being increased by \$115,421, and net assets being decreased by \$115,421 for the year ended December 31, 2017.

**NOTE 11- SUBSEQUENT EVENTS**

BCAN has evaluated subsequent events for potential required disclosure through April 3, 2019, which is the date financial statements were available to be issued.