

**ESOPHAGEAL CANCER ACTION
NETWORK, INC.
FINANCIAL STATEMENTS
December 31, 2015 and 2014**

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FINANCIAL STATEMENTS
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Esophageal Cancer Action Network, Inc.

We have reviewed the accompanying financial statements of Esophageal Cancer Action Network, Inc. (Organization), which comprise the Statements of Financial Position as of December 31, 2015 and 2014, and the related Statements of Activities, Functional Expenses and Cash Flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Ellin & Tucker, Chartered

ELLIN & TUCKER, CHARTERED
Certified Public Accountants

Baltimore, Maryland
November 7, 2016

ESOPHAGEAL CANCER ACTION NETWORK, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2015 and 2014

	<u>ASSETS</u>		2015	2014
<u>ASSETS:</u>				
Cash and Cash Equivalents			\$ 114,545	\$ 34,171
Prepaid Expenses and Other Current Assets			11,639	32,271
Furniture and Equipment, Net (Note 2)			528	1,055
Other Assets			<u>1,417</u>	<u>1,417</u>
 Total Assets			 <u>\$ 128,129</u>	 <u>\$ 68,914</u>
 <u>LIABILITIES AND NET ASSETS</u>				
<u>LIABILITIES:</u>				
Accounts Payable and Accrued Expenses			\$ 7,885	\$ 22,456
Deferred Revenue			<u>49,617</u>	<u>25,000</u>
 Total Liabilities			 <u>57,502</u>	 <u>47,456</u>
 COMMITMENT (Note 3)				
<u>NET ASSETS:</u>				
Unrestricted			50,127	21,458
Temporarily Restricted (Note 4)			<u>20,500</u>	<u>-</u>
 Total Net Assets			 <u>70,627</u>	 <u>21,458</u>
 Total Liabilities and Net Assets			 <u>\$ 128,129</u>	 <u>\$ 68,914</u>

(See Independent Accountants' Review Report and Accompanying Notes)

ESOPHAGEAL CANCER ACTION NETWORK, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
<u>SUPPORT AND REVENUE:</u>			
Contributions (Includes In-Kind Contributions of \$12,000)	\$ 162,510	\$ 20,500	\$ 183,010
Special Events (Net of Cost of Direct Benefits to Donors of \$120,627)	194,292	-	194,292
Interest and Other Income	3,304	-	3,304
	360,106	20,500	380,606
<u>EXPENSES:</u>			
Program Services	236,915	-	236,915
<u>Supporting Services:</u>			
Management and General	33,616	-	33,616
Fundraising	60,906	-	60,906
	94,522	-	94,522
Total Expenses	331,437	-	331,437
Change in Net Assets	28,669	20,500	49,169
NET ASSETS - BEGINNING OF YEAR	21,458	-	21,458
NET ASSETS - END OF YEAR	\$ 50,127	\$ 20,500	\$ 70,627

(See Independent Accountants' Review Report and Accompanying Notes)

ESOPHAGEAL CANCER ACTION NETWORK, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
<u>SUPPORT AND REVENUE:</u>			
Contributions (Includes In-Kind Contributions of \$30,900)	\$ 165,637	\$ -	\$ 165,637
Special Events (Net of Cost of Direct Benefits to Donors of \$79,125)	175,200	-	175,200
Interest and Other Income	8,468	-	8,468
	349,305	-	349,305
Net Assets Released from Restrictions	41,000	(41,000)	-
	390,305	(41,000)	349,305
<u>EXPENSES:</u>			
Program Services	283,901	-	283,901
<u>Supporting Services:</u>			
Management and General	29,646	-	29,646
Fundraising	80,354	-	80,354
	110,000	-	110,000
Total Supporting Services	110,000	-	110,000
Total Expenses	393,901	-	393,901
Change in Net Assets	(3,596)	(41,000)	(44,596)
NET ASSETS - BEGINNING OF YEAR	25,054	41,000	66,054
NET ASSETS - END OF YEAR	\$ 21,458	\$ -	\$ 21,458

(See Independent Accountants' Review Report and Accompanying Notes)

ESOPHAGEAL CANCER ACTION NETWORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2015

	Program Services	Supporting Services			Total
		Management and General	Fundraising	Total	
Salaries	\$ 124,356	\$ 10,435	\$ 19,614	\$ 30,049	\$ 154,405
Payroll Taxes	10,949	919	1,602	2,521	13,470
Total Salaries and Related Expenses	135,305	11,354	21,216	32,570	167,875
Bank Fees	-	502	8,910	9,412	9,412
Depreciation	428	36	63	99	527
Insurance	2,368	1,333	218	1,551	3,919
Miscellaneous	33	2,079	4	2,083	2,116
Occupancy	1,503	126	220	346	1,849
Postage and Shipping	3,019	823	1,646	2,469	5,488
Printing	3,917	-	4,809	4,809	8,726
Professional Development	473	563	198	761	1,234
Professional Fees	1,221	14,752	179	14,931	16,152
Public Awareness	48,814	-	-	-	48,814
Rent	16,563	1,390	2,423	3,813	20,376
Special Events	-	-	16,142	16,142	16,142
Supplies	2,798	201	351	552	3,350
Telephone	4,662	391	682	1,073	5,735
Travel	103	-	-	-	103
Website and Technology	15,708	66	3,845	3,911	19,619
Total Expenses	\$ 236,915	\$ 33,616	\$ 60,906	\$ 94,522	\$ 331,437

(See Independent Accountants' Review Report and Accompanying Notes)

ESOPHAGEAL CANCER ACTION NETWORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2014

	Program Services	Supporting Services			Total
		Management and General	Fundraising	Total	
Salaries	\$128,470	\$ 9,200	\$ 36,081	\$ 45,281	\$173,751
Payroll Taxes	11,180	765	1,697	2,462	13,642
 Total Salaries and Related Expenses	 139,650	 9,965	 37,778	 47,743	 187,393
Bank Fees	-	265	6,277	6,542	6,542
Depreciation	432	30	65	95	527
Insurance	1,540	400	54	454	1,994
Miscellaneous	-	487	-	487	487
Occupancy	1,569	107	239	346	1,915
Postage and Shipping	3,742	1,020	2,041	3,061	6,803
Printing	4,015	-	5,311	5,311	9,326
Professional Development	3,178	752	1,271	2,023	5,201
Professional Fees	1,415	14,872	214	15,086	16,501
Public Awareness	75,813	-	-	-	75,813
Rent	17,430	1,193	2,644	3,837	21,267
Special Events	-	-	16,803	16,803	16,803
Supplies	3,832	184	407	591	4,423
Telephone	3,871	265	587	852	4,723
Travel	155	-	-	-	155
Website and Technology	27,259	106	6,663	6,769	34,028
 Total Expenses	 <u>\$283,901</u>	 <u>\$ 29,646</u>	 <u>\$ 80,354</u>	 <u>\$110,000</u>	 <u>\$393,901</u>

(See Independent Accountants' Review Report and Accompanying Notes)

ESOPHAGEAL CANCER ACTION NETWORK, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2015 and 2014

	2015	2014
<u>OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ 49,169	\$(44,596)
<u>Adjustments to Reconcile Change in Net Assets to</u>		
<u>Net Cash Provided by Operating Activities:</u>		
Depreciation	527	527
<u>Net Changes in:</u>		
Prepaid Expenses and Other Current Assets	20,632	(1,556)
Accounts Payable and Accrued Expenses	(14,571)	18,506
Deferred Revenue	24,617	16,500
Net Change in Cash and Cash Equivalents	80,374	(10,619)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	34,171	44,790
CASH AND CASH EQUIVALENTS - END OF YEAR	\$114,545	\$ 34,171

(See Independent Accountants' Review Report and Accompanying Notes)

**ESOPHAGEAL CANCER ACTION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Esophageal Cancer Action Network, Inc. (Organization) is a not-for-profit organization incorporated under the laws of the State of Maryland on January 9, 2008. The Organization helps raise awareness of the risk of esophageal cancer posed by persistent heartburn or gastroesophageal reflux disease known as GERD. The Organization brings together a community of individuals and groups who are concerned about the rapid increase in esophageal cancer cases and want to support the campaign for public awareness and creation of more effective tools to prevent, detect and treat the disease. The Organization is dedicated to increasing the funding available for medical research to battle esophageal cancer.

Accounting Standards Codification

All references in the financial statements to the Codification refer to the Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles (GAAP) issued by the Financial Accounting Standards Board. The Codification is the single source of authoritative GAAP in the United States.

Basis of Accounting and Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with GAAP. Under the accrual basis of accounting, support and revenue are recorded when earned and expenses are recorded when incurred. Net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed restrictions. Such restrictions expire either by the passage of time or actions of the Organization. When a restriction expires, 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 that are subject to donor-imposed restrictions. Such restrictions neither expire by the passage of time nor can be fulfilled or otherwise removed by the Organization's actions.

(See Independent Accountants' Review Report)

**ESOPHAGEAL CANCER ACTION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED**

Revenue Recognition

Contribution revenue is recorded when the donor makes a promise to give to the Organization that is, in substance, unconditional. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted revenue.

Special event revenue is recorded when the event takes place. Contributions received in advance of the event are recorded as deferred revenue until the event takes place.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through November 7, 2016, the date the financial statements were available to be issued.

Cash and Cash Equivalents

The Organization maintains cash in bank accounts which, at times, may exceed federally insured limits. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Organization considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Furniture and Equipment

Furniture and equipment are stated at cost or, if donated, at the fair value at the date of receipt. Depreciation is calculated on the straight-line basis over the useful lives of the assets, which are three to five years. The Organization capitalizes property and equipment over \$1,000. Lesser amounts are expensed.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Internal Revenue Service has

(See Independent Accountants' Review Report)

ESOPHAGEAL CANCER ACTION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

determined the Organization is not a private foundation within the meaning of Section 509(a) of the Code.

The Organization follows the provisions of Accounting for Uncertainty in Income Taxes under the Income Taxes Topic of the Codification. The Codification requires the evaluation of tax positions, which include maintaining its tax-exempt status and the taxability of any unrelated business income, and does not allow recognition of tax positions which do not meet a “more-likely-than-not” threshold of being sustained by the applicable tax authority. Management does not believe it has taken any tax positions that would not meet this threshold.

Donated Goods and Services

Many volunteers have made significant contributions of time in furthering the Organization’s programs and objectives. The value of this contributed time is not recorded in the accompanying financial statements, because the contributed services provided do not require specialized skills or create non-financial assets. Donations in-kind of goods, facilities, or services are recorded at fair value at the date of the gift. In-kind donations amounted to approximately \$12,000 and \$30,900 during the years ended December 31, 2015 and 2014, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Functional Expenses based primarily on an analysis of personnel time. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

2. FURNITURE AND EQUIPMENT

Furniture and equipment at December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Furniture and Equipment	\$ 3,855	\$3,855
Less: Accumulated Depreciation	<u>3,327</u>	<u>2,800</u>
Furniture and Equipment, Net	<u>\$ 528</u>	<u>\$1,055</u>

3. COMMITMENT

The Organization leases office space under a lease which expires in May 2017. Total rent expense for the years ended December 31, 2015 and 2014 was \$20,376 and \$21,267, respectively.

(See Independent Accountants’ Review Report)

**ESOPHAGEAL CANCER ACTION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED**

Future minimum payments under the lease are as follows:

Year Ending December 31, 2016	\$ 16,613
2017	9,000

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2015 consisted of \$20,500 restricted for the esophageal cancer patient guide update.

5. MANAGEMENT'S OPERATING PLANS

Subsequent to December 31, 2015, the Organization has experienced operating losses resulting in a decrease in available cash. Management has implemented certain cost reduction measures in an effort to improve operating results. The Organization is also attempting to obtain other sources of revenue to support operations. Management believes these measures will provide sufficient cash flow to continue operations.

(See Independent Accountants' Review Report)