

**ESOPHAGEAL CANCER ACTION NETWORK, INC.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**



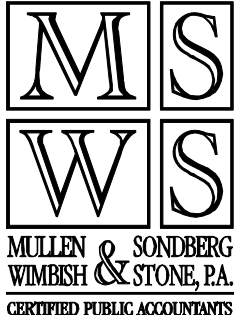
**MULLEN SONDBERG WIMBISH & STONE, PA**

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CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of  
Esophageal Cancer Action Network Inc  
Pikesville, Maryland

We have reviewed the accompanying financial statements of Esophageal Cancer Action Network Inc (a non-profit Organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year 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 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.

### **Accountant's 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.

### **Accountant's Conclusion**

Based on our review, 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.

**Report on 2015 Financial Statements**

The financial statements of Esophageal Cancer Action Network Inc as of December 31, 2015, were reviewed by other accountants whose report dated November 7, 2016, stated that based on their procedures, they are not aware of any material modifications that should be made to those financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



MULLEN, SONDBERG, WIMBISH & STONE, P.A.

Annapolis, Maryland  
October 31, 2017

Esophageal Cancer Action Network Inc  
STATEMENT OF FINANCIAL POSITION  
December 31, 2016

ASSETS		2016	2015
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$	41,939	\$ 114,545
Accounts receivable, net of allowance		8,445	3,714
Prepaid expenses		2,500	7,925
Security deposits		1,125	1,417
Total current assets		54,009	127,601
<b>PROPERTY AND EQUIPMENT</b>			
Net of accumulated depreciation		-	528
Total assets	\$	54,009	\$ 128,129
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued expenses	\$	21,392	\$ 7,885
Deferred revenue		20,000	35,000
Total current liabilities		41,392	42,885
<b>NET ASSETS</b>			
Unrestricted net assets		(50,717)	50,127
Temporarily restricted		63,334	35,117
Total net assets, as restated		12,617	85,244
Total liabilities and net assets	\$	54,009	\$ 128,129

See accompanying notes and accountant's report.

Esophageal Cancer Action Network Inc  
STATEMENT OF ACTIVITIES  
Years Ended December 31, 2016

	Unrestricted	Temporarily Restricted	2016	2015
<b>REVENUES AND OTHER SUPPORT</b>				
Contributions and donations	\$ 179,660	\$ 28,217	\$ 207,877	\$ 198,627
Special events (net of direct expenses of \$58,368 and 136,769)	13,012	-	13,012	177,150
Other revenues	24,394	-	24,394	3,304
<b>Total revenues and other support</b>	<b>217,066</b>	<b>28,217</b>	<b>245,283</b>	<b>379,081</b>
<b>EXPENSES</b>				
Program services	222,512	-	222,512	220,773
Supporting services				
Management and general	64,321	-	64,321	33,616
Fundraising	31,077	-	31,077	60,906
<b>Total expenses</b>	<b>317,910</b>	<b>-</b>	<b>317,910</b>	<b>315,295</b>
Change in net assets	(100,844)	28,217	(72,627)	63,786
NET ASSETS AT BEGINNING OF YEAR, as restated	50,127	35,117	85,244	21,458
NET ASSETS AT END OF YEAR, as restated	\$ (50,717)	\$ 63,334	\$ 12,617	\$ 85,244

See accompanying notes and accountant's report.

Esophageal Cancer Action Network Inc  
 STATEMENTS OF FUNCTIONAL EXPENSES  
 Year Ended December 31, 2016

	Supporting Services			Total	
	Program Services	Management and General	Fundraising	2016	2015
Salaries	\$ 116,473	\$ 11,210	\$ 17,013	\$ 144,696	\$ 154,486
Payroll taxes	13,571	1,306	1,982	16,859	13,470
Total salaries and related expenses	130,044	12,516	18,995	161,555	167,956
Public Awareness	42,907	-	-	42,907	48,814
Professional fees	4,200	27,136	552	31,888	16,071
Rent	17,354	1,322	2,586	21,262	20,376
Website and technology	14,837	60	3,629	18,526	19,619
Office supplies	-	9,464	39	9,503	3,350
Professional development	3,070	5,463	-	8,533	1,234
Printing	1,807	-	4,690	6,497	8,726
Bank fees	3,869	1,667	-	5,536	9,412
Telephone	1,694	3,317	248	5,259	5,735
Insurance	2,053	198	300	2,551	3,919
Postage and shipping	-	2,529	-	2,529	5,488
Depreciation and amortization	-	528	-	528	527
Travel	521	-	-	521	103
Utilities	156	1	38	195	1,849
Miscellaneous	-	101	-	101	2,116
Repairs and maintenance	-	19	-	19	-
Total expenses	<u>\$ 222,512</u>	<u>\$ 64,321</u>	<u>\$ 31,077</u>	<u>\$ 317,910</u>	<u>\$ 315,295</u>

See accompanying notes and accountant's report.

Esophageal Cancer Action Network Inc  
STATEMENT OF CASH FLOWS  
Years Ended December 31, 2016

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ (72,627)	\$ 63,786
Adjustments to reconcile net income to net cash provided by operating activities:		
(Increase) decrease in operating assets:		
Depreciation	528	527
Prepaid expenses and other current assets	986	20,632
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	13,507	(14,571)
Deferred revenue	(15,000)	10,000
Net cash provided (used) by operating activities	(72,606)	80,374
Cash at beginning of year	114,545	34,171
Cash at end of year	\$ 41,939	\$ 114,545

See accompanying notes and independent accountant's review report.



Esophageal Cancer Action Network Inc  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies

Nature of Operation

Esophageal Cancer Action Network Inc (the 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.

Basis of Accounting

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. This basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor-imposed restriction. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other 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 a purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Special event revenue is recorded when the event takes place. Revenue 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 generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Esophageal Cancer Action Network Inc  
NOTES TO FINANCIAL STATEMENTS (Cont.)  
December 31, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies (Cont.)

Functional Allocation of Expenses

Accounting principles generally accepted in the United States of America require all voluntary health and welfare organizations to present their expenses on a functional basis, separating program services from management and general and fundraising expenses. Functional expenses are either charged directly to program services as incurred or allocated based on usage for items such as occupancy, depreciation, and administrative salaries.

Cash and Cash Equivalents

Cash and cash equivalents consist of short-term, highly liquid investments with an original maturity of ninety days or less.

Property and Equipment

Property and equipment acquisitions in excess of \$1,000 are capitalized and recorded 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.

Income Taxes

The Organization has been notified by the Internal Revenue Service that it is a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code and that it is not considered a private foundation. The Organization is exempt from both federal and state income taxes but would be subject to taxes on any "unrelated business income". There is no provision for income taxes for the year ended December 31, 2016 as the Organization has not incurred any unrelated business income during this period.

Income Tax Position

The Organizations follows the guidance of ASC 740-10, *Accounting for Uncertainty in Income Taxes*, that clarifies the accounting for the recognition and measurement of the benefits of individual tax positions in the financial statement, including those of non-profit organizations. Tax positions must meet a recognition threshold of more-likely-than-not in order for the benefit of those tax positions to be recognized in the Organization's financial statements.

Esophageal Cancer Action Network Inc  
NOTES TO FINANCIAL STATEMENTS (Cont.)  
December 31, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies (Cont.)

Income Tax Position (Cont.)

The Organization analyzes tax positions taken, including those related to the requirements set forth in IRC Sec. 501(c) to qualify as a tax exempt organization, activities performed by volunteers and board members, the reporting of unrelated business income, and its status as a tax-exempt organization under Maryland state statute. The Organization does not know of any tax benefits arising from uncertain tax positions, and there was no effect on the Organization's financial position or changes in net assets as a result of analyzing its tax positions. Years ending on or after December 31, 2013 remain subject to examination by federal and state authorities.

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 \$-0- and \$12,000 during the years ended December 31, 2016 and 2015, respectively.

Concentration of Credit Risk

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.

Reclassification of Prior Year Balances

Certain reclassifications of the prior year balances to conform to current year presentation.

Esophageal Cancer Action Network Inc  
 NOTES TO FINANCIAL STATEMENTS (Cont.)  
 December 31, 2016 and 2015

Note 2 - Property and Equipment

Furniture and equipment consists of the following at December 31:

	Estimated Lives	2016	2015
Furniture and fixtures	5 years	\$ 3,855	\$ 3,855
Less accumulated depreciation		(3,855)	(3,327)
Total		\$ (3,855)	\$ (3,327)

Depreciation and amortization expense was \$528 and \$527 for the years ended December 31, 2016 and 2015, respectively.

Note 3 - Commitment

The Organization leases office space under a lease which expires in August 2018. Total rent expense for the year ended December 31, 2016 and 2015 was \$21,261 and \$20,376, respectively.

Future minimum payment for the year ended December 31 are as follows:

2017	\$	13,635
2018		9,270
	\$	22,905

Note 4 - Temporarily Restricted Net Assets

Temporarily restricted net assets include donor-restricted funds, which are only available for specific purposes. The following summarizes temporarily restricted net assets as of December 31:

	2016	2015
Patient guide update	\$ 30,000	\$ 20,500
FDA petition	18,717	-
Advocacy project	14,617	14,617
	\$ 63,334	\$ 35,117

Esophageal Cancer Action Network Inc  
NOTES TO FINANCIAL STATEMENTS (Cont.)  
December 31, 2016 and 2015

Note 5 - Restatement of net Assets

During the year ended December 31, 2016, the Organization discovered an error in the financial statements for the year ending December 31, 2015. Total deferred revenue was overstated by \$14,617, along with net assets and temporarily restricted net assets being understated by \$14,617. The following accounts and the change in net assets have been restated for the year ended December 31, 2015:

	<u>As previously reported</u>	<u>Restated</u>
Deferred revenue	\$ 49,617	\$ 35,000
Temporarily restricted	20,500	35,117
Total net assets	70,627	85,244
Contributions and donations	\$ 184,010	\$ 198,627
Change in net assets	49,169	63,786

Note 6 - Subsequent Events

Subsequent events and transaction have been evaluated for potential recognition in the financial statements through October 31, 2017, the date the Organization's financial statements were available to be issued.