

**The Cure Starts Now, Inc.**  
**d/b/a The Cure Starts Now Foundation**

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**Financial Report**  
**December 31, 2011**

# **The Cure Starts Now, Inc. dba The Cure Starts Now Foundation**

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## Independent Auditor's Report

To the Board of Directors  
The Cure Starts Now, Inc.  
d/b/a The Cure Starts Now Foundation

We have audited the accompanying balance sheet of The Cure Starts Now, Inc. as of December 31, 2011 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Cure Starts Now, Inc. at December 31, 2011 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Plante & Moran, PLLC*

September 28, 2012

# **The Cure Starts Now, Inc. dba The Cure Starts Now Foundation**

## **Balance Sheet December 31, 2011**

<b>Assets</b>	
Cash and cash equivalents	\$ 335,623
Investments (Note 2)	376,256
Other assets - Prepaid expenses	<u>12,774</u>
Total assets	<u><u>\$ 724,653</u></u>
<b>Liabilities and Net Assets</b>	
<b>Liabilities</b>	
Accounts payable	\$ 16,979
Grants payable (Note 4)	155,000
Other liabilities - Deferred revenue	<u>88,203</u>
Total liabilities	<u>260,182</u>
<b>Net Assets</b>	
Unrestricted	451,703
Temporarily restricted net assets	<u>12,768</u>
Total net assets	<u>464,471</u>
Total liabilities and net assets	<u><u>\$ 724,653</u></u>

**The Cure Starts Now, Inc.  
dba The Cure Starts Now Foundation**

**Statement of Activities and Changes in Net Assets  
Year Ended December 31, 2011**

	Unrestricted	Temporarily Restricted	Total
<b>Revenue, Gains, and Other Support</b>			
Contributions	\$ 363,942	\$ 34,938	\$ 398,880
Dividend income	24,669	-	24,669
Special event revenue	534,145	-	534,145
Net assets released from restrictions	30,574	(30,574)	-
Total revenue, gains, and other support	953,330	4,364	957,694
<b>Expenses</b>			
Medical research (Note 6)	528,789	-	528,789
Monkey in my chair	90,946	-	90,946
Medical symposium	45,321	-	45,321
Family support program	1,306	-	1,306
Management and general	35,532	-	35,532
Fundraising	260,074	-	260,074
Total expenses	961,968	-	961,968
<b>(Decrease) Increase in Net Assets</b>	(8,638)	4,364	(4,274)
<b>Net Assets - Beginning of year</b>	460,341	8,404	468,745
<b>Net Assets - End of year</b>	<b>\$ 451,703</b>	<b>\$ 12,768</b>	<b>\$ 464,471</b>

**The Cure Starts Now, Inc.**  
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**Statement of Functional Expenses**  
**Year Ended December 31, 2011**

	Program Services				Total	Supporting Services			Total Expenses
	Medical Research	Monkey in My Chair	Medical Symposium	Family Support		Fundraising	Management and General	Total	2011
Contract labor	\$ -	\$ 10,506	\$ -	\$ -	\$ 10,506	\$ 22,596	\$ 21,066	\$ 43,662	\$ 54,168
Research monies granted	528,789	-	-	1,306	530,095	-	-	-	530,095
Program supplies	-	38,358	45,321	-	83,679	-	-	-	83,679
Rent	-	3,386	-	-	3,386	6,926	5,079	12,005	15,391
Office supplies	-	120	-	-	120	245	544	789	909
Computer	-	238	-	-	238	486	357	843	1,081
Insurance	-	-	-	-	-	1,009	497	1,506	1,506
Awareness	-	22,661	-	-	22,661	-	-	-	22,661
Software/Website	-	15,677	-	-	15,677	16,864	-	16,864	32,541
Direct costs of special events	-	-	-	-	-	211,098	-	211,098	211,098
Professional fees	-	-	-	-	-	850	686	1,536	1,536
Postage and shipping	-	-	-	-	-	-	3,053	3,053	3,053
Miscellaneous	-	-	-	-	-	-	4,250	4,250	4,250
<b>Total functional expenses</b>	<b>\$ 528,789</b>	<b>\$ 90,946</b>	<b>\$ 45,321</b>	<b>\$ 1,306</b>	<b>\$ 666,362</b>	<b>\$ 260,074</b>	<b>\$ 35,532</b>	<b>\$ 295,606</b>	<b>\$ 961,968</b>

**The Cure Starts Now, Inc.**  
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**Statement of Cash Flows**  
**Year Ended December 31, 2011**

<b>Cash Flows from Operating Activities</b>	
Decrease in net assets	\$ (4,274)
Adjustments to reconcile decrease in net assets to net cash from operating activities:	
Gain on sale of investments	(11,042)
Changes in operating assets and liabilities which (used) provided cash:	
Prepaid expenses	(12,774)
Accounts payable	14,750
Grants payable	80,000
Deferred revenue	<u>49,968</u>
Net cash provided by operating activities	116,628
<b>Cash Flows from Investing Activities - Purchases of investments</b>	(263,970)
<b>Net Decrease in Cash and Cash Equivalents</b>	(147,342)
<b>Cash and Cash Equivalents - Beginning of year</b>	<u>482,965</u>
<b>Cash and Cash Equivalents - End of year</b>	<u><u>\$ 335,623</u></u>

**The Cure Starts Now, Inc.  
dba The Cure Starts Now Foundation**

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**Notes to Financial Statements  
December 31, 2011**

**Note 1 - Nature of Business and Significant Accounting Policies**

**Organization** - The Cure Starts Now, Inc. d/b/a The Cure Starts Now Foundation (the "Foundation") is a nonprofit Ohio foundation established to aggregate funds raised by individuals, families, corporations, and nonprofit organizations to educate and aid families battling cancer with patient centered programs and to fund research for cures for brain cancer. The Foundation concentrates its efforts into the following programs:

Research Funding

In its efforts to focus on those cancers that present the greatest opportunities for an encompassing cancer cure, the Foundation annually awards research grants to institutions and medical professionals. Typically grants awarded have a focus on pediatric brain cancers, as this was the origin of the Foundation's philosophy. Grant applications will be judged on a peer-reviewed basis with our Medical Advisory Council which comprises of top oncologists and researchers from around the world, as well as parent advocates. Grants are judged based on multiple criteria including scientific merit, disease impact, innovation, feasibility, and expertise of the investigator.

Monkey in My Chair

Monkey in My Chair is a program for children battling cancer which helps keep them connected to their classmates while they are away receiving treatment. Through the program, each child is provided with a "monkey kit" which includes a big stuffed monkey that takes their place in school when they are unable to be there. The kits include the monkey with a backpack, a book to help teachers explain to students the situation their classmate is facing and how it affects them, and a teacher companion guide, along with other items that can be utilized by the child and/or their classmates. All kits are sent out at no cost to the families or hospitals.

Assistance Funds

Assistance Funds allow people to donate to a medical assistance fund for a child battling cancer. Funds are available to families to request for medical needs.

DIPG Symposium

The DIPG Collaborative Symposium, originally held in Cincinnati in 2011, features cancer experts from around the world in collaboration with families and foundations supporting their work. Attended by over 15 foundations and 25 institutions from seven countries, the DIPG Collaborative Symposium quickly became a dynamic cooperative exploring revolutionary DIPG research, clinical protocols, and universal applications of DIPG research in the search for a cure for all forms of cancer.

**Basis of Accounting** - The accompanying financial statements have been prepared on the accrual basis of accounting.

**The Cure Starts Now, Inc.**  
**dba The Cure Starts Now Foundation**

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**Notes to Financial Statements**  
**December 31, 2011**

**Note 1 - Nature of Business and Significant Accounting Policies**  
**(Continued)**

**Basis of Presentation** - The financial statements presentation follows the recommendations of the Financial Accounting Standards Board (FASB). The Foundation is required to report information regarding its financial position and activities according to three classes of net assets. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- **Unrestricted Net Assets** - Net assets that are not subject to donor-imposed stipulations.
- **Temporarily Restricted Net Assets** - Net assets subject to donor-imposed restrictions that permit the Foundation to use or expend the assets as specified. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions when the restrictions are satisfied either by the passage of time or by actions of the Foundation. Temporarily restricted net assets consist of the following as of December 31:

Assistance funds	\$ 10,368
Monkey in My Chair	<u>2,400</u>
Total temporarily restricted net assets	<u>\$ 12,768</u>

- **Permanently Restricted Net Assets** - Net assets subject to donor-imposed restrictions that stipulate the resources be maintained permanently, but permit the Foundation to use or expend part or all of the income derived from the donated assets for specified purposes. There were no permanently restricted net assets at December 31, 2011.

**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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**Cash Equivalents** - The Foundation considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

**Investments** - Money market investment funds are under the custody of fund managers and represent temporarily uninvested monies.

**The Cure Starts Now, Inc.  
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**Notes to Financial Statements  
December 31, 2011**

**Note 1 - Nature of Business and Significant Accounting Policies  
(Continued)**

Investments in mutual funds are carried at quoted fair market value whenever available. In the few cases in which quoted market values are not available, such investments are valued at an estimated fair market value. Unrealized increases or decreases resulting from changes in the market value of investments are included annually in the statement of activities. Realized gains and losses are recorded using specific identification of the assets sold.

**Sources of Revenue and Support** - The Foundation derives its income from two primary sources: (i) special events held for the purpose of raising funds from attendees through ticketing and auctions held at the event and (ii) contributions from individuals as well as private organizations wishing to further the advancement of cancer research through the Foundation's guidance.

**Revenue Recognition** - Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows.

Special event revenue is recorded at the time that the event or auction takes place and money is collected. All auction items are sold through credit card and revenue is recorded at the time of transaction.

**Fund-raising** - Fundraising costs are charged to expense as incurred.

**Functional Allocation of Expenses** - Costs have been allocated amongst functional expenses on several bases of estimates. Although the methods of allocation are considered appropriate, other methods could be used that would produce different amounts.

**Federal Income Taxes** - The Foundation is exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation, and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to December 31, 2008.

**The Cure Starts Now, Inc.**  
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**Notes to Financial Statements**  
**December 31, 2011**

**Note 1 - Nature of Business and Significant Accounting Policies**  
**(Continued)**

**Subsequent Events** - The financial statements and related disclosures include evaluation of events up through and including September 28, 2012, which is the date the financial statements were available to be issued.

**Note 2 - Investments**

Investments consisted of the following at December 31, 2011:

	Fair Value
Money market funds	\$ 60,925
Common stocks	807
International fixed income mutual funds	314,524
Total	<u>\$ 376,256</u>

**Note 3 - Noncash Contributions**

During 2011, the Foundation received donations of real property with a fair market value of \$108,952 to be used as auction items at the annual gala fundraising event. The real property was all sold at auction during the event and is included in special event revenue on the statement of activities and changes in net assets.

**Note 4 - Grants for Charitable, Educational, and Other Authorized Purposes**

Unconditional grants are recognized as an expense at the time of formal approval by the distribution committee or full board of trustees. Conditional grants, if any, are expensed when such conditions are substantially met.

The following summarizes the changes in grants payable:

Grants payable - Beginning of year	\$ 75,000
Grants approved	528,789
Payments made	<u>(448,789)</u>
Grants payable - End of year	<u>\$ 155,000</u>

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**Notes to Financial Statements**  
**December 31, 2011**

**Note 5 - Fair Value**

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the valuation techniques and inputs used to measure fair value.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels of the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The Foundation measures its investments at fair value on a recurring basis. The fair value of all investments are based on Level 1 inputs as described above.

The Foundation's policy is to recognize transfers between levels of the fair value hierarchy as of the beginning of the reporting period. For the year ended December 31, 2011, there were no transfers between levels of the fair value hierarchy.

**Note 6 - Medical Grants Awarded**

Discretionary grants awarded during the year consist of the following:

Doernbecher Children's Hospital	\$	100,000
Texas Children's Hospital		100,000
Duke Children's Hospital & Health Center		82,049
Weill Medical College of Cornell University		91,740
Cincinnati Children's Hospital		155,000
Total	\$	<u>528,789</u>

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**Notes to Financial Statements**  
**December 31, 2011**

**Note 7 - Lease Commitments**

The Foundation leases its office space under a lease agreement that expires in June 2017. The lease is with an entity considered a related party due to the entity being owned by several members of the board of directors. The agreement requires monthly payments exclusive of inflation adjustments as required by the agreement.

The future minimum lease payments are as follows:

<u>Years Ending December 31</u>	<u>Amount</u>
2012	\$ 11,820
2013	12,840
2014	12,840
2015	12,840
2016	12,840
2017 and thereafter	<u>5,350</u>
Total	<u>\$ 68,530</u>

Rent expense for 2011 was \$15,392.