

THE NATIONAL CHILDREN'S CANCER SOCIETY, INC.

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2018

**THE NATIONAL CHILDREN'S CANCER SOCIETY, INC.
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2018**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7

INDEPENDENT AUDITORS' REPORT

Board of Directors
The National Children's Cancer Society, Inc.
St. Louis, Missouri

We have audited the accompanying financial statements of The National Children's Cancer Society, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 auditor considers 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.

Board of Directors
The National Children's Cancer Society, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects the financial position of The National Children's Cancer Society, Inc., as of September 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
January 8, 2019

THE NATIONAL CHILDREN'S CANCER SOCIETY, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2018

ASSETS

CURRENT ASSETS

Cash	\$ 753,859
Accounts Receivable, Net	326,759
Inventory	21,803
Prepaid Expenses and Other Assets	36,050
Total Current Assets	<u>1,138,471</u>

NONCURRENT ASSETS

Investments	4,767,615
Property and Equipment, net	8,757
Total Noncurrent Assets	<u>4,776,372</u>

Total Assets	<u><u>\$ 5,914,843</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 2,069,782
Annuities Payable	9,858
Accrued Expenses	203,533
Unearned Revenue	10,470
Line of Credit	19,822
Total Current Liabilities	<u>2,313,465</u>

LONG-TERM LIABILITIES

Annuities Payable	35,112
Total Long-Term Liabilities	<u>35,112</u>

NET ASSETS

Unrestricted	2,931,940
Temporarily Restricted	634,326
Total Net Assets	<u>3,566,266</u>

Total Liabilities and Net Assets	<u><u>\$ 5,914,843</u></u>
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See accompanying Notes to Financial Statements.

THE NATIONAL CHILDREN'S CANCER SOCIETY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Contributions	\$ 9,250,992	\$ -	\$ 9,250,992
List Rental Income	176,917	-	176,917
Event Revenue	332,295	-	332,295
Less Direct Costs of Events	(178,740)	-	(178,740)
In-Kind Contributions	16,255,454	-	16,255,454
Investment Income	320,599	27,676	348,275
Net Assets Released from Restrictions - Satisfaction of Program Restrictions	13,908	(13,908)	-
Total Public Support and Revenue	<u>26,171,425</u>	<u>13,768</u>	<u>26,185,193</u>
EXPENSES			
Program Services:			
Division of Patient and Family Services	19,672,118	-	19,672,118
Supplemental Family Support	1,287,644	-	1,287,644
Public Information and Education	349,789	-	349,789
Total Program Services	<u>21,309,551</u>	<u>-</u>	<u>21,309,551</u>
Supporting Services:			
Management and General	980,310	-	980,310
Fundraising	4,998,817	-	4,998,817
Total Supporting Services	<u>5,979,127</u>	<u>-</u>	<u>5,979,127</u>
Total Expenses	<u>27,288,678</u>	<u>-</u>	<u>27,288,678</u>
NET CHANGE IN NET ASSETS	(1,117,253)	13,768	(1,103,485)
Net Assets - Beginning of Year	<u>4,049,193</u>	<u>620,558</u>	<u>4,669,751</u>
NET ASSETS - END OF YEAR	<u>\$ 2,931,940</u>	<u>\$ 634,326</u>	<u>\$ 3,566,266</u>

See accompanying Notes to Financial Statements.

THE NATIONAL CHILDREN'S CANCER SOCIETY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2018

	Program Services			Supporting Services		Total
	Division of Patient and Family Services	Supplemental Family Support	Public Information and Education	Management and General	Fundraising	
Aid Grants	\$ 16,248,354	\$ 1,130,189	\$ -	\$ -	\$ -	\$ 17,378,543
Production Services	-	-	-	659,215	4,345,892	5,005,107
Family Services and Education	2,412,594	883	1,962	-	-	2,415,439
Salary Expense	547,575	92,966	206,497	187,149	182,646	1,216,833
Cause Related Marketing	-	-	-	-	343,813	343,813
Insurance	97,041	16,475	36,595	33,167	32,369	215,647
Professional Services	88,606	15,043	33,415	30,284	29,555	196,903
Direct Costs of Events	178,740	-	-	-	-	178,740
Rent and Utilities	54,453	9,245	20,534	18,611	18,163	121,006
In-Kind Program Shipping	87,690	-	-	-	-	87,690
Payroll Taxes	38,195	6,485	14,404	13,054	12,740	84,878
Other Expenses	37,672	6,422	14,310	12,909	12,636	83,949
Retirement	25,358	4,305	9,562	8,666	8,458	56,349
Telephone	9,769	1,658	3,684	3,338	3,259	21,708
Meetings and Travel	7,399	1,256	2,790	2,528	2,468	16,441
Office Supplies and Services	4,937	838	1,862	3,466	1,647	12,750
Postage, Shipping, and Handling	4,884	829	1,842	1,669	1,629	10,853
Depreciation Expense	3,114	529	1,175	1,066	1,039	6,923
Equipment Rental	3,068	521	1,157	1,049	1,023	6,818
Vehicle Donation Program	-	-	-	4,139	1,480	5,619
Shipping and Procurement	1,409	-	-	-	-	1,409
Total Expenses	19,850,858	1,287,644	349,789	980,310	4,998,817	27,467,418
Less: Direct Costs of Events	178,740	-	-	-	-	178,740
Total Expenses	\$ 19,672,118	\$ 1,287,644	\$ 349,789	\$ 980,310	\$ 4,998,817	\$ 27,288,678

See accompanying Notes to Financial Statements.

THE NATIONAL CHILDREN'S CANCER SOCIETY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Net Change in Net Assets	\$ (1,103,485)
Adjustments to Reconcile Net Change in Net Assets to	
Net Cash Provided by Operating Activities	
Depreciation	6,923
Unrealized Gain on Investments	(61,701)
Realized Gain on Investments	(164,126)
(Increase) Decrease in:	
Accounts Receivable	164,125
Inventory	506
Prepaid Expenses and Other Assets	398,004
Increase (Decrease) in:	
Accounts Payable	881,510
Annuity Payable	44,970
Accrued Expenses	8,966
Unearned Revenue	(1,657)
Net Cash Provided by Operating Activities	174,035

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Property and Equipment	(1,310)
Proceeds from Sale of Investments	1,205,827
Purchases of Investments	(1,184,152)
Net Cash Provided by Investing Activities	20,365

CASH FLOWS FROM FINANCING ACTIVITIES

Net Payments on Line of Credit	(1,382)
Net Cash Used by Financing Activities	(1,382)

NET CHANGE IN CASH

193,018

Cash - Beginning of Year

560,841

CASH - END OF YEAR

\$ 753,859

See accompanying Notes to Financial Statements.

THE NATIONAL CHILDREN'S CANCER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The National Children's Cancer Society, Inc. (the Organization) was incorporated in November 1987 to serve children with cancer and their families. Program services are categorized as follows: Division of Patient and Family Services, Supplemental Family Support and Public Information and Education. The Organization provides a Family Support Program, Transportation Assistance Fund, and Emergency Assistance Fund for families with children in treatment, a Beyond the Cure Program for cancer survivors, and a Global Outreach Program.

Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and the changes therein are classified and reported as follows:

Unrestricted – Resources not subject to donor-imposed stipulations.

Temporarily Restricted – Resources subject to donor-imposed stipulations that may be met by actions of the Organization and/or the passage of time.

Permanently Restricted – Resources subject to donor-imposed stipulations requiring that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for specific purposes.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

Cash includes demand deposits and highly liquid financial instruments purchased with original maturities of three months or less. The carrying amount of cash equivalents approximates fair value.

Certain cash balances are required to be held in separate bank accounts in accordance with contractual arrangements.

Accounts Receivable

Receivables consist of amounts due to the Organization related to the direct mail, telemarketing, and royalty programs. Management writes off receivables when it determines that an amount will not be collected and considers all receivables at September 30, 2018 to be collectible. Therefore, no allowance for doubtful accounts is recorded at September 30, 2018. All receivables are considered current at September 30, 2018; therefore, no discount has been recorded.

THE NATIONAL CHILDREN'S CANCER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Investments

In accordance with accounting standards, investments in marketable securities with readily determinable fair values are reported at fair value in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

Inventory

Inventory consists of program literature and patient and family service items and is stated at cost, determined on the first-in, first out method.

Property and Equipment

Furniture and equipment is recorded at cost. Maintenance and repairs are charged to operations when incurred. Betterments and renewals in excess of \$500 are reviewed individually by management and are capitalized.

Donations of furniture and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Depreciation and amortization are provided on a straight-line basis over the following periods:

Furniture and Fixtures	7 Years
Equipment	3 to 7 Years
Software	3 Years
Leasehold Improvements	7 Years

Compensated Absences

Employees of the Organization are entitled to paid vacation days depending on length of service. Amounts accrued for compensated absences are included in accounts payable and accrued expenses in the accompanying statement of financial position.

Contributions

In accordance with accounting standards, contributions received by the Organization are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. 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 in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire within the fiscal year the contributions are recognized.

THE NATIONAL CHILDREN'S CANCER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Annuities Payable

Annuities payable represents an annuity obligation for gift annuities received by the Organization. Gift annuities provide for payment to named annuitants over their lifetimes. The payment is guaranteed by the Organization through an agreement. An annuities payable liability is recorded until the projected termination of the annuity payment obligation based upon the present value of the expected payments over the life expectancy of the annuitants. The current annuity values are valued at fair value. The Organization reviews AFR in determining the discount rate to apply for the present value calculation. A discount rate of 3.4% was applied to determine the liability at September 30, 2018. Fair value at September 30, 2018 is \$121,067, while the recorded liability is \$44,970.

Unearned Revenue

Unearned revenue consists of payments received in advance that relate to donated items to be sold by a third party in a future period and are deferred and recognized as revenue in the period earned.

Use of Estimates

The preparation of the 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 support, revenues, and expenses during the reporting period, including grant and contract revenues subject to review by applicable funding agencies. Accordingly, actual results could differ from those estimates.

Fair Value Measurements

The Organization measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Organization may use valuation techniques consistent with the market, income and cost approaches to measure fair value.

THE NATIONAL CHILDREN'S CANCER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Fair Value Measurements (Continued)

The inputs used to measure fair value are categorized into the following three categories:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds that the Organization has the ability to access as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the Organization's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include money market mutual funds, certain mutual funds, and equities. If quoted market prices are not available, then fair values are estimated by using pricing models or quoted prices of securities with similar characteristics. These Level 2 securities include mortgaged and asset-backed securities, corporate and municipal bonds, U.S. government agencies, hedge funds and managed futures. Inputs used to value Level 2 securities include interest rates for similar debt securities, Treasury obligations with similar maturities and net asset values provided by funds is utilized as a practical expedient. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy and include hedge funds. The net asset value (or its equivalent) provided by the fund is utilized, as a practical expedient, to determine fair value of these Level 3 investments. The funds are classified as Level 3 if they may not be redeemable in the short-term.

Any transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date.

Development Costs

The Organization periodically incurs substantial costs for the continued development of a contributor list. In accordance with accounting principles generally accepted in the United States of America, the Organization recognizes these costs as they are incurred against operations, even though the contributor lists are expected to provide significant benefit to future periods.

**THE NATIONAL CHILDREN'S CANCER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Tax Status

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. However, the Organization is liable for federal income taxes on certain unrelated business income.

Management analyzed the tax positions taken by the Organization and concluded that, as of September 30, 2018, there were no uncertain tax positions taken or are expected to be taken. Accordingly, no interest or penalties related to uncertain tax positions have been accrued in the accompanying financial statements.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 8, 2019, the date the financial statements were available to be issued.

NOTE 2 INVESTMENTS

Investments consist of the following at September 30, 2018:

Government and Agency Securities	\$ 565,797
Equity Securities	3,359,633
Mutual Funds	<u>842,185</u>
Total Investments	<u><u>\$ 4,767,615</u></u>

Investment return for the year ended September 30, 2018 is summarized as follows:

Interest and Dividend Income	\$ 122,448
Unrealized Gain on Equity Securities	61,701
Realized Gain on Sale of Investments	<u>164,126</u>
Total Investment Gain	<u><u>\$ 348,275</u></u>

NOTE 3 FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization values all other assets and liabilities refer to Note 1 – Organization and Summary of Significant Accounting Policies.

THE NATIONAL CHILDREN'S CANCER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of September 30, 2018:

	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Government and Agency Bonds	\$ 565,797	\$ -	\$ 565,797	\$ -
Equity Securities	3,359,633	3,359,633	-	-
Mutual Funds	842,185	842,185	-	-
Total	<u>\$ 4,767,615</u>	<u>\$ 4,201,818</u>	<u>\$ 565,797</u>	<u>\$ -</u>

NOTE 4 NET ASSETS

Temporarily restricted net assets totaling \$634,326 at September 30, 2018 are available for the purpose of providing aid to families with children going through cancer treatment in Minnesota.

Net assets released because the purpose was met totaled \$13,908 for the year ended September 30, 2018.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30, 2018:

Furniture and Fixtures	\$ 15,878
Equipment	44,372
Software	298,611
Leasehold Improvements	6,800
Total	<u>365,661</u>
Less: Accumulated Depreciation	<u>(356,904)</u>
Property and Equipment	<u>\$ 8,757</u>

Depreciation expense was \$6,923 for the year ended September 30, 2018.

NOTE 6 ALLOCATION OF JOINT COSTS

The Organization combines the costs of its joint activities that combine fundraising appeals with other functions, and allocates those costs to their functional classifications. Such costs include printing, caging, donor search, public information, computer expenses, list development, direct mail expense, postage, and production fees. The physical units method is used to allocate these costs. This allocation process is based on lines of print from the documents and scripts used in the joint activities. Each line of print is analyzed and a determination is made as to its purpose. The number of lines for each objective is totaled and weighed against the total number of lines in the document as well as the frequency of use of the document.

THE NATIONAL CHILDREN'S CANCER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 6 ALLOCATION OF JOINT COSTS (CONTINUED)

The total joint costs incurred by the Organization and their functional classifications are as follows:

Functional Classification:	
Program Services	\$ 2,415,439
Management and General	659,215
Fundraising	<u>4,345,892</u>
Total Joint Costs	<u><u>\$ 7,420,546</u></u>
Type of Activity:	
Direct Mail	\$ 6,848,694
Telemarketing	<u>571,852</u>
Total Joint Costs	<u><u>\$ 7,420,546</u></u>

The Organization follows standards for accounting and reporting costs of joint activities that combine fundraising appeals with other functions including definitions for the criteria of purpose, audience, and content. In accordance with the standard, the compensation structure of the joint activity is considered, as well as the target audience of the activity and the content of the information conveyed. If any of the criteria of purpose, audience, and content is not met, all costs of the joint activity are considered fundraising.

NOTE 7 OPERATING LEASES

The Organization leases office space, office equipment, and a vehicle under operating leases. The Organization's office lease has escalating lease payments ranging from \$8,916 to \$9,521 per month over the remaining term of the lease expiring April 30, 2021.

The future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of September 30, 2018 are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2019	\$ 124,584
2020	121,494
2021	71,207
2022	4,561
2023	<u>4,180</u>
Total	<u><u>\$ 326,026</u></u>

Total rental expense under operating leases with a term in excess of one month was \$108,078 for the year ended September 30, 2018.

THE NATIONAL CHILDREN'S CANCER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 8 COMMITMENTS AND CONTINGENCIES

At September 30, 2018, the Organization is committed to several contracts for fundraising and program services, which are scheduled to expire on various dates through December 2018. Payments under these contracts are to be made by the Organization based on hourly rates with certain minimum performance guarantees. These contracts are a principal funding source of the Organization.

NOTE 9 RETIREMENT PLAN

The Organization has a defined contribution retirement plan covering substantially all of its employees. Contributions to the plan and related expenses were \$56,349 for the year ended September 30, 2018.

NOTE 10 AID GRANTS

The Organization receives and disburses both cash and in-kind grants to individuals and organizations. During the year ended September 30, 2018, the Organization recognized and disbursed \$16,248,354 of in-kind contributions, consisting primarily of pharmaceuticals and medical supplies. The grants were recorded at their estimated fair value in the financial statements based on valuations provided by the donors, primarily manufacturers or distributors, and comparison with other industry sources.

NOTE 11 RISKS AND UNCERTAINTIES

The Organization's assets include investments in various securities which, in general, are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is reasonably possible that changes in risks in the near term would materially affect the amounts reported in the balance sheet and the statement of activities.

The Organization maintains cash and cash equivalents and short and long-term investments with major banks and financial institutions. Accounts at banks are insured by the Federal Deposit Insurance Corporations (FDIC) up to \$250,000 at each institution as of September 30, 2018. At times, account balances may exceed FDIC limits.

THE NATIONAL CHILDREN'S CANCER SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 12 LINE OF CREDIT

The Organization has a Loan Management Account Agreement with a bank which allows the Organization to borrow under a revolving line of credit arrangement. Available credit is subject to borrowing base limitations determined by the bank based upon the market value of pledged securities. Advances under the agreement can be made under variable rate, fixed rate and term advances agreed upon at the time of the advance. Advances are due upon demand. Investments held by Merrill Lynch are pledged as collateral. Available credit under the agreement at September 30, 2018 was \$2,889,541. At September 30, 2018, borrowings under the agreement were \$19,822, all in principal. The balance is subject to interest at a variable rate of LIBOR plus the spread. The interest rate as of September 30, 2018 is 4.47%.

Cash paid for interest on the line of credit was \$306 for the year ended September 30, 2018.

NOTE 13 RELATED PARTY TRANSACTIONS

During the year ended September 30, 2018, the Organization received \$41,145 in contributions from various members of the board of directors (Directors). In addition, during the year ended September 30, 2018, the Organization received \$114,000 from companies in which Directors serve as a director or officer. The Organization also received \$12,121 in In-Kind gifts from various board members of the board of directors during the year ended September 30, 2018. At September 30, 2018, there were no receivables from related parties.

One of the asset custodians is a financial institution for which a member of the Board of the National Children's Cancer Society is an officer. The amount paid to the asset custodian during the year ended September 30, 2018 totaled \$53,124. The board member was not directly compensated for services provided.