

**CANDLELIGHTERS FOR CHILDHOOD
CANCER OF SOUTHERN NEVADA, INC.
DBA CANDLELIGHTERS CHILDHOOD
CANCER FOUNDATION OF NEVADA**

FINANCIAL STATEMENTS

DECEMBER 31, 2015

CANDLELIGHTERS FOR CHILDHOOD CANCER OF SOUTHERN NEVADA, INC.
DBA CANDLELIGHTERS CHILDHOOD CANCER FOUNDATION OF NEVADA
FINANCIAL STATEMENTS
DECEMBER 31, 2015

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Independent Auditor's Report

**To the Board of Directors of
Candlelighters for Childhood Cancer of Southern Nevada, Inc.
dba Candlelighters Childhood Cancer Foundation of Nevada**

We have audited the accompanying financial statements of Candlelighters for Childhood Cancer of Southern Nevada, Inc. dba Candlelighters Childhood Cancer Foundation of Nevada (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, 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.

Auditor's 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 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 auditor's 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Candlelighters for Childhood Cancer of Southern Nevada, Inc. dba Candlelighters Childhood Cancer Foundation of Nevada as of December 31, 2015, 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.

Ellsworth & Stout, LLC

Las Vegas, Nevada
April 7, 2016



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**CANDLELIGHTERS FOR CHILDHOOD CANCER OF SOUTHERN NEVADA, INC.
DBA CANDLELIGHTERS CHILDHOOD CANCER FOUNDATION OF NEVADA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015**

ASSETS

Current Assets:

Cash and cash equivalents	\$ 299,487
Other receivables, net	30,974
Investments	282,559
Investments, restricted	445,469
Prepaid expenses and other assets	14,794
Total current assets	<u>1,073,283</u>

Property and Equipment, net	30,344
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Other Assets:

Deposits	<u>4,000</u>
Total Assets	<u><u>\$ 1,107,627</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 30,377
Accrued expenses	26,041
Current maturities of capital lease obligations	2,328
Current maturities of deferred lease incentive	269
Total current liabilities	<u>59,015</u>

Long-Term Liabilities:

Capital lease obligation, net of current maturities	5,819
Deferred lease incentive, net of current maturities	10,920
Total long-term liabilities	<u>16,739</u>
Total Liabilities	<u>75,754</u>

Net Assets:

Unrestricted	586,404
Temporarily restricted	445,469
Total Net Assets	<u>1,031,873</u>
Total Liabilities and Net Assets	<u><u>\$ 1,107,627</u></u>

See accompanying notes to the financial statements.

CANDLELIGHTERS FOR CHILDHOOD CANCER OF SOUTHERN NEVADA, INC.
DBA CANDLELIGHTERS CHILDHOOD CANCER FOUNDATION OF NEVADA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Unrestricted Net Assets

Unrestricted revenue and other support:

Contribution and grant revenue	\$ 440,076
Special events, net of direct costs of \$121,952	425,513
In-kind contributions	193,763
Investment income	28,526
Other income	528
Net assets released from donor restrictions	268,144
	<u>1,356,550</u>

Expenses:

Program services	1,117,019
Supporting services:	
Management and general	73,236
Fundraising	158,716
	<u>1,348,971</u>

Other increase (decrease):

Net unrealized loss on investments	<u>(38,425)</u>
Decrease in unrestricted net assets	<u>(30,846)</u>

Temporarily Restricted Net Assets

Contributions	385,996
Net assets released from donor restrictions	<u>(268,144)</u>
Increase in temporarily restricted net assets	<u>117,852</u>

Increase in Net Assets

87,006

Net Assets, Beginning of Year

944,867

Net Assets, End of Year

\$ 1,031,873

See accompanying notes to the financial statements.

CANDLELIGHTERS FOR CHILDHOOD CANCER OF SOUTHERN NEVADA, INC.
DBA CANDLELIGHTERS CHILDHOOD CANCER FOUNDATION OF NEVADA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program	Management and General	Fundraising	Total
Advertising (in-kind of \$129,406)	\$ 129,762	\$ 49	\$ 70	\$ 129,881
Bank and credit card fees	7,659	945	14,310	22,914
Depreciation and amortization	10,638	1,481	1,347	13,466
Direct costs of programs	405,000	-	-	405,000
Equipment rental and maintenance	9,038	1,066	969	11,073
Fundraising	-	-	56,778	56,778
Insurance	11,912	1,659	1,508	15,079
Licenses, dues and subscriptions	6,281	576	523	7,380
Office supplies	23,529	1,946	2,091	27,566
Postage and delivery	3,105	390	354	3,849
Printing and publications	928	56	6,445	7,429
Professional fees	31,290	3,908	3,552	38,750
Rent and utilities	65,722	8,761	7,965	82,448
Salaries, taxes and benefits	400,435	52,089	61,103	513,627
Travel and conferences	10,406	183	962	11,551
Volunteer expenses	1,314	127	739	2,180
	<u>\$ 1,117,019</u>	<u>\$ 73,236</u>	<u>\$ 158,716</u>	<u>\$ 1,348,971</u>

See accompanying notes to the financial statements.

**CANDLELIGHTERS FOR CHILDHOOD CANCER OF SOUTHERN NEVADA, INC.
DBA CANDLELIGHTERS CHILDHOOD CANCER FOUNDATION OF NEVADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Cash Flows from Operating Activities

Increase in net assets	\$	87,006
Adjustments to reconcile increase in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization		13,466
Unrealized loss on investments		38,425
Lease incentive		5,397
Changes in operating assets and liabilities:		
(Increase) decrease in pledges receivable		2,000
(Increase) decrease in other receivables		(15,974)
(Increase) decrease in inventory		1,776
(Increase) decrease in prepaid expenses and other assets		(3,852)
(Increase) decrease in deposits		7,500
Increase (decrease) in accounts payable		6,554
Increase (decrease) in accrued expenses		(10)
Net cash provided by operating activities		<u>142,288</u>

Cash Flows from Investing Activities

Sale of investments		120,044
Purchase of investments		(207,602)
Purchase of property and equipment		(3,771)
Net cash used in investing activities		<u>(91,329)</u>

Cash Flows from Financing Activities

Principal payments on capital lease obligation		(2,329)
Net cash used in financing activities		<u>(2,329)</u>

Net Increase in Cash and Cash Equivalents 48,630

Cash and Cash Equivalents, Beginning of Year 250,857

Cash and Cash Equivalents, End of Year \$ 299,487

See accompanying notes to the financial statements.

**CANDLELIGHTERS FOR CHILDHOOD CANCER OF SOUTHERN NEVADA, INC.
DBA CANDLELIGHTERS CHILDHOOD CANCER FOUNDATION OF NEVADA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 – NATURE OF ORGANIZATION

Candlelighters for Childhood Cancer of Southern Nevada, Inc., dba Candlelighters Childhood Cancer Foundation of Nevada (the Foundation) is a nonprofit organization established in 1978. The Foundation provides support, education, hope and advocacy through programs and services for children and adolescents with cancer, their families and the professionals who care for them. The Foundation is primarily supported through corporate and private contributions, grants, and in-kind contributions. The majority of the Foundation's support comes from the Southern Nevada region.

Through its many services, the Foundation provides assistance for quality-of-life issues that are a large part of the childhood cancer experience, including disease-specific education, emotional support for the diagnosed child and the entire family, and community outreach. In certain circumstances, the Foundation also offers families' much-needed financial support, such as assistance with living expenses, transportation, prescription drug and co-pay assistance, scholarships and funeral assistance. The Foundation works with the parents of diagnosed children and healthcare providers to ensure each family receives the best possible medical treatment, as well as understands all community resources available to draw upon. Some of the most vital family services that Candlelighters provide include the following:

Emergency Assistance

The Foundation offers assistance to families who are struggling with the financial burden that a cancer diagnoses may have on a family. Often times, one parent loses time from work, therefore the family faces loss of income. In these instances, the Foundation helps lessen medical crisis burdens by providing resources to pay for living expenses, such as rental or mortgage assistance and utilities.

The Foundation also provides a co-payment reimbursement program for families who need assistance with medical and prescription drug co-payments. The reimbursement is based on a sliding scale; reimbursements are between 10 and 80 percent, based on the family's household income and number of individuals living in the home.

Travel for Treatment

While children typically receive treatment in Southern Nevada, it is not unusual for families and their children to travel to other states for specialized treatments, such as a bone marrow transplant. When struggling with medical expenses, it can be extraordinarily difficult for families to afford travel. The Foundation will arrange and pay for air and ground travel transportation, lodging, and may provide reimbursement for meals. The Foundation also provides families without a means of transportation, a local taxi program so they can get to doctors, radiation, and diagnostic appointments.

Family Counseling

A childhood cancer diagnosis and its aftermath can be devastating for the child and his/her entire family, but medical insurance does not always cover the costs of counseling. The Foundation helps families cope with the psychological burdens by offering service and support for professional counseling services. The Foundation contracts with a marriage and family therapist and the private sessions are conducted at the Foundation's offices, free of charge to the families.

**CANDLELIGHTERS FOR CHILDHOOD CANCER OF SOUTHERN NEVADA, INC.
DBA CANDLELIGHTERS CHILDHOOD CANCER FOUNDATION OF NEVADA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2015**

NOTE 1 – NATURE OF ORGANIZATION (Continued)

Camp Independent Firefly

The Foundation offers a medically supervised camp each summer. A five day four night camp is open to any Candlelighters child diagnosed with cancer and their siblings, ages 7-17. The Camp Director is an employee of the Foundation who leads a committee of volunteers to plan and coordinate camp activities and logistics. Each year the Foundation provides 150 camp openings free of charge to the Candlelighters Families.

Child Life

The Foundation provides child life interventions in out-patient clinics which include procedural education, support, distraction; medical play; disease, treatment education; therapeutic play; developmental assessments; coping techniques; therapeutic conversation; parenting education, support; and sibling education, support.

Bereavement Support

The Foundation provides funeral assistance to families whose children lost their battle with cancer. The Foundation assists the family with a \$5,000 payment towards the funeral costs. Funerals that fall below the allocated amount are paid in full by the Foundation.

Arts/Education Program

The Foundation recognizes the scientifically proven impact of the arts on reducing stress levels of the child and family and promoting their healing process during treatment. The Foundation delivers the art education program through art sessions at the partnering oncology clinics and delivered at a child's hospital bed while receiving treatment. Professional artists deliver the services. Proven positive outcomes include: (a) lowered stress and anxiety levels; (b) procedures and treatment conducted with more ease shortening treatment time; (c) shortens hospital stays; (d) improves healing process.

Support Groups

The Foundation provides support groups for parents, diagnosed children/teens and their siblings. Depending on the group, they meet at the Foundation's office monthly or every other month.

Survivor Scholarships

One of the greatest joys Candlelighters parents can experience is seeing their child survive cancer and go on to pursue opportunities in higher education. The Foundation is proud to be able to fund scholarships to surviving children for college, trade and technical schools.

**CANDLELIGHTERS FOR CHILDHOOD CANCER OF SOUTHERN NEVADA, INC.
DBA CANDLELIGHTERS CHILDHOOD CANCER FOUNDATION OF NEVADA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2015**

NOTE 1 – NATURE OF ORGANIZATION (Continued)

Other Services

The Foundation provides other services that improve the quality of life for both the diagnosed child and his or her family members. These services include:

- Social activities such as, holiday parties and special events hosted by the Foundation, focusing on a safe environment for children and families to gather with and socialize with other families addressing childhood cancer.
- The Candlelighters Adopt-A-Family program matches families that have a child in active treatment with donors, who then provide holiday gifts to the family. Families and donors are matched accordingly and some donors choose to remain anonymous, while others meet with their adopted family.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Foundation is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

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 judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

The accompanying financial statements have been presented in accordance with accounting principles generally accepted in the United States of America applicable to not-for-profit organizations, principally ASC 958, *Not-for-Profit Entities*. Under ASC 958, the Foundation is required to report information regarding its financial position and changes in financial position according to three classes of net assets; unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

**CANDLELIGHTERS FOR CHILDHOOD CANCER OF SOUTHERN NEVADA, INC.
DBA CANDLELIGHTERS CHILDHOOD CANCER FOUNDATION OF NEVADA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2015**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

Revenue and support are recorded when the related amounts are pledged or due. The Foundation does not anticipate any collection losses with respect to the receivable balances. As a result, no allowance for doubtful accounts has been established as of December 31, 2015. If accounts become uncollectible, the balances will be allowed for when that determination is made.

Inventory

Inventory is valued at the lower of cost (determined using the first-in, first-out method).

Property and Equipment

The Foundation capitalizes significant expenditures for property and equipment at cost, generally those that exceed \$500 and have a useful life greater than one year. Property and equipment that are contributed to the Foundation are recorded at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range between three to ten years.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All 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 by a stipulated time restriction lapsing or by the purpose of the restriction having been accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same period received are reported as unrestricted support.

Income Taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no income tax is reflected in the accompanying financial statements. The Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as a foundation that is not a private foundation within the meaning of Section 509(a)(1) of the Code.

Management has evaluated the tax positions taken within their tax returns and does not believe there are any significant uncertain positions taken on the returns.

The Foundation is no longer subject to potential income tax examinations by tax authorities for years prior to 2012.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on management's estimates.

**CANDLELIGHTERS FOR CHILDHOOD CANCER OF SOUTHERN NEVADA, INC.
DBA CANDLELIGHTERS CHILDHOOD CANCER FOUNDATION OF NEVADA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2015**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Materials and Services

Generally, donated materials, if significant in amount, are recorded at their fair market value, provided the Foundation has a clearly measurable and objective basis for determining the value. In the case of materials where such values cannot reasonably be determined, the donation is not recorded. Donated professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Unpaid volunteers have donated their time to the Foundation's programs. The value of such services has not been reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition as contributed services.

The fair values of in-kind contributions are summarized as follows:

Professional fees	\$ 129,406
Emergency assistance travel for treatment	26,957
Camp Firefly	19,809
Parties and activities	15,351
Other donations	2,240
	<u>\$ 193,763</u>

Advertising

Advertising costs are expensed as incurred. Total advertising costs for the year ended December 31, 2015 were \$129,881 of which \$129,406 were in-kind contributions.

NOTE 3 – PROPERTY AND EQUIPMENT

As of December 31, 2015, property and equipment consisted of the following:

Furniture and equipment	\$ 100,217
Leasehold improvements	23,550
Software	8,053
	<u>131,820</u>
Less: accumulated depreciation and amortization	<u>(101,476)</u>
	<u>\$ 30,344</u>

Depreciation and amortization expense for the year ended December 31, 2015 was \$13,466.

**CANDLELIGHTERS FOR CHILDHOOD CANCER OF SOUTHERN NEVADA, INC.
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2015**

NOTE 4 – FAIR VALUE MEASUREMENTS

Fair values of assets measured at December 31, 2015 are as follows:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Recurring fair value measurements:				
Mutual funds, ETFs and closed-end funds	\$ 728,028	\$ 728,028	\$ -	\$ -
Total recurring fair value measurements	<u>\$ 728,028</u>	<u>\$ 728,028</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 5 – LEASE AGREEMENTS

Operating Lease

The Foundation has entered into a non-cancelable operating lease for office space. The lease commenced on January 1, 2014. The office lease requires monthly payments ranging from \$4,455 to \$5,015, due to annual rent escalators, and a lease incentive liability is being recognized for two months of free rent totaling \$8,516. The lease expires in December of 2019.

Future minimum rental payments are as follows:

2016	\$ 55,074
2017	56,726
2018	58,428
2019	<u>60,181</u>
	<u>\$ 230,409</u>

Rent expense recognized for the year ended December 31, 2015 was \$54,805.

**CANDLELIGHTERS FOR CHILDHOOD CANCER OF SOUTHERN NEVADA, INC.
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2015**

NOTE 5 – LEASE AGREEMENTS (Continued)

Capital Lease

Assets recorded as leased property under capital leases and classified as property and equipment on the statement of financial position include a copy machine in the amount of \$11,640. This lease, which commenced on July 1, 2014, is for 60 months with a lease payment of \$194 per month. Because the aggregate amount of the payments required exceeds 90% of the fair value of the copier, the Foundation has accounted for the lease as a capital lease.

Future minimum lease payments at December 31, 2015 are as follows:

2016	\$ 2,328
2017	2,328
2018	2,328
2019	1,163
	<hr/> 8,147
Less: imputed interest	<hr/> -
Present value of minimum lease payments	<hr/> <hr/> \$ 8,147
Current maturities	\$ 2,328
Noncurrent maturities	5,819
	<hr/> <hr/> \$ 8,147

NOTE 6 – SPECIAL EVENTS

Special events, net of direct costs, for the year ended December 31, 2015 consisted of the following:

5K run/walk	\$ 246,553
Evening of Hope	169,981
Riders for Candlelighters	95,347
Runners for Candlelighters	35,584
	<hr/> 547,465
Less: direct costs	<hr/> (121,952)
	<hr/> <hr/> \$ 425,513

**CANDLELIGHTERS FOR CHILDHOOD CANCER OF SOUTHERN NEVADA, INC.
DBA CANDLELIGHTERS CHILDHOOD CANCER FOUNDATION OF NEVADA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2015**

NOTE 7 – FUNDRAISING

As of December 31, 2015, the fundraising expenses that are presented on the statement of functional expenses consisted of the following:

Black Tie Event	\$ 40,247
Other	<u>16,531</u>
	<u><u>\$ 56,778</u></u>

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

The Foundation has received restricted funds in support of various functions of the Foundation. As of December 31, 2015, temporarily restricted net assets are available for the following purposes:

Camp	\$ 92,890
Funerals	75,000
Operating Expenses	64,000
Camp	50,000
Medical	40,251
Scholarships	25,000
Travel for Treatment	22,301
Counseling	19,700
Housing Assistance	19,061
Healing Arts and Counseling	9,792
Teen Scene	8,585
Healing Arts	8,453
Child Life	6,349
Technology	3,532
Garden of Hope	<u>555</u>
	<u><u>\$ 445,469</u></u>

NOTE 9 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 7, 2016, which is the date the financial statements were available to be issued.