

Midwest Athletes Against Childhood Cancer, Inc.

Financial Statements

Years ended December 31, 2015 and 2014

WIPFLi^{LLP}
CPAs and Consultants



Independent Auditors Report

Board of Directors
Midwest Athletes Against Childhood Cancer, Inc.
Milwaukee, Wisconsin

We have audited the accompanying financial statements of Midwest Athletes Against Childhood Cancer, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years 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; 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 Midwest Athletes Against Childhood Cancer, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

A handwritten signature in black ink that reads "Wipfli LLP".

Wipfli LLP

Milwaukee, Wisconsin
February 9, 2016

Midwest Athletes Against Childhood Cancer, Inc.

Statements of Financial Position

December 31, 2015 and 2014

Assets	2015	2014
Current assets:		
Cash and cash equivalents	\$ 827,958	\$ 611,493
Investments	3,471,992	3,626,547
Accounts receivable	67,683	52,872
Unconditional promises to give - Net	628,921	404,311
Prepays and other assets	26,960	28,668
Total current assets	5,023,514	4,723,891
Furniture and office equipment - Net of accumulated depreciation of \$46,345 and \$54,493, respectively	4,370	9,732
TOTAL ASSETS	\$ 5,027,884	\$ 4,733,623
Liabilities and Net Assets	2015	2014
Current liabilities:		
Accounts payable	\$ -	\$ 19,915
Research contributions payable	1,083,112	1,123,186
Deferred revenue	32,520	2,000
Accrued liabilities	4,259	3,572
Total current liabilities	1,119,891	1,148,673
Research contributions payable - Less current portion	-	228,112
Total liabilities	1,119,891	1,376,785
Net assets:		
Unrestricted	3,279,072	2,952,527
Temporarily restricted	628,921	404,311
Total net assets	3,907,993	3,356,838
TOTAL LIABILITIES AND NET ASSETS	\$ 5,027,884	\$ 4,733,623

See accompanying notes to financial statements.

Midwest Athletes Against Childhood Cancer, Inc.

Statements of Activities

Years Ended December 31, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and support:						
Proceeds from fundraising activities	\$ 3,213,767	\$ 525,440	\$ 3,739,207	\$ 3,663,258	\$ 320,716	\$ 3,983,974
Contributions:						
Foundations	271,085	11,500	282,585	213,350	5,000	218,350
Memorials	106,997	760	107,757	107,272	430	107,702
General	242,083	7,721	249,804	245,701	6,904	252,605
Major gifts	191,241	90,000	281,241	239,014	10,000	249,014
Net assets released from restrictions	410,811	(410,811)	-	363,259	(363,259)	-
Total revenue and support	4,435,984	224,610	4,660,594	4,831,854	(20,209)	4,811,645
Expenses:						
Program	390,150	-	390,150	417,239	-	417,239
Costs of direct benefits to donors	201,687	-	201,687	246,206	-	246,206
Direct fundraising	337,756	-	337,756	359,431	-	359,431
Indirect fundraising	91,543	-	91,543	93,557	-	93,557
Administrative and general	118,925	-	118,925	120,466	-	120,466
Total expenses	1,140,061	-	1,140,061	1,236,899	-	1,236,899
Investment (loss) income - Net	(87,563)	-	(87,563)	118,117	-	118,117
Excess (deficit) of revenue and support over expenses before research contributions	3,208,360	224,610	3,432,970	3,713,072	(20,209)	3,692,863
Research contributions	(2,881,815)	-	(2,881,815)	(2,991,967)	-	(2,991,967)
Change in net assets	326,545	224,610	551,155	721,105	(20,209)	700,896
Net assets at beginning	2,952,527	404,311	3,356,838	2,231,422	424,520	2,655,942
Net assets at end	\$ 3,279,072	\$ 628,921	\$ 3,907,993	\$ 2,952,527	\$ 404,311	\$ 3,356,838

See accompanying notes to financial statements.

Midwest Athletes Against Childhood Cancer, Inc.

Statements of Cash Flows

Years Ended December 31, 2015 and 2014

	2015	2014
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	\$ 551,155	\$ 700,896
Adjustments to reconcile change in net assets to cash and cash equivalents provided by operating activities:		
Depreciation expense	8,014	8,060
Net realized and unrealized (gains) losses on investments	137,875	(75,826)
Donated investments received	(5,640)	-
Changes in operating assets and liabilities:		
Accounts receivable	(14,811)	(3,478)
Unconditional promises to give	(224,610)	20,209
Prepays and other assets	1,708	4,054
Accounts payable	(19,915)	(2,967)
Research contributions payable	(268,186)	(173,533)
Deferred revenue	30,520	(54,050)
Accrued liabilities	687	(37,212)
Net cash and cash equivalents provided by operating activities	196,797	386,153
Cash flows from investing activities:		
Purchases of equipment	(2,652)	(1,817)
Purchases of investments	(1,621,694)	(3,862,712)
Proceeds from sales of investments	1,644,014	3,702,092
Net cash and cash equivalents provided by (used in) investing activities	19,668	(162,437)
Increase in cash and cash equivalents	216,465	223,716
Cash and cash equivalents at beginning	611,493	387,777
Cash and cash equivalents at end	\$ 827,958	\$ 611,493

See accompanying notes to financial statements.

Midwest Athletes Against Childhood Cancer, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Activities

Midwest Athletes Against Childhood Cancer, Inc. (the “MACC Fund” or the “Organization”) is a nonprofit organization created for the sole purpose of supporting research with respect to treatments and cures for childhood cancer and other related blood disorders. To accomplish this purpose, the MACC Fund seeks public support through various fundraising projects and events, and from direct contributions. The MACC Fund supports research at the Medical College of Wisconsin in the MACC Fund Research Center, at the Carbone Cancer Center of the University of Wisconsin in the MACC Fund UW Childhood Cancer Research Wing and at the MACC Fund Center at Children’s Hospital of Wisconsin.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (“GAAP”).

Net Assets

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

Unrestricted net assets are the assets of the Organization that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include amounts available for support of the Organization’s operations and amounts designated by the Board of Directors for specific purposes.

Temporarily restricted net assets are those assets whose use by the Organization has been limited by donors to a specific time period or purpose.

Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity. The Organization has no permanently restricted net assets.

Use of Estimates

The preparation of the accompanying financial statements in conformity with GAAP requires management to make certain estimates and assumptions that directly affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Midwest Athletes Against Childhood Cancer, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are generally proceeds from fundraising events that have been earned by the MACC Fund but not received at December 31, 2015 and 2014. The Organization considers these receivables to be collectible and, therefore, no allowance for uncollectible amounts has been recorded. If an account becomes uncollectible, it will be written off at that time.

Investments and Investment Income

Investments are measured at fair value in the statements of financial position. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of the donation).

Investment income (including realized, unrealized gains and losses, interest, and dividends) is reported as unrestricted revenue unless the income is restricted by donor or law. Realized gains or losses are determined by specific identification.

Unconditional Promises to Give

Unconditional promises to give are recorded as receivables in the year pledged. Pledges and other promises to give whose eventual uses are restricted by the donors are recorded as increases in temporarily restricted net assets. Unrestricted promises to give to be collected in future periods are also recorded as an increase to temporarily restricted net assets and reclassified to unrestricted net assets when received.

Management periodically reviews all past due promises to give and estimates the portion, if any, of the balance that will not be collected. The carrying amounts of promises to give are reduced by allowances that reflect management's estimate of uncollectible amounts. Promises to give are anticipated to be collected entirely within the next year.

Furniture and Office Equipment

Furniture and office equipment are recorded at cost. Donated furniture and office equipment is recorded at the asset's fair market value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Estimated lives of furniture and office equipment are three to five years. Expenditures for repairs and maintenance costs are expensed as incurred.

Deferred Revenue

Funds received in advance of a fundraising event but not earned as of the date of the statements of financial position, have been classified as deferred revenue. Revenues will be recognized in future periods as the revenue is earned.

Midwest Athletes Against Childhood Cancer, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Research Contributions Payable

Contributions made by the MACC Fund to research organizations, including unconditional promises to give, are recognized as expenses in the period made. Unconditional promises to give over several years are recorded as research contributions payable in the accompanying statements of financial position. Research contributions payable and the related expense are measured initially at fair value at the time the promise to give is made. The effective discount rate is 2.59%.

Contributions

Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is deemed unconditional. Donor contributions are received through fundraising events and activities sponsored by the MACC Fund as well as events and activities sponsored by other organizations. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the time or use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or 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. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

Advertising and Promotional Costs

Advertising and promotional costs are expensed as incurred. Advertising and promotional costs charged to expense in 2015 and 2014 were approximately \$58,000 and \$67,000, respectively.

Donations In-Kind and Contributed Goods

Material gifts in-kind used to operate the Organization's programs and donated goods distributed, including auction items and raffle prizes, are recorded as income and expense at the time the items are placed into service or distributed.

The Organization maintains an agreement with the Medical College of Wisconsin to occupy, at no charge, 1,500 square feet of office space. The fair value of the donated space was estimated at \$33,000 in 2015 and 2014, and has been recorded as contribution revenue and rent expense on the accompanying statements of activities.

Sales Taxes

The Organization records sales taxes on a gross basis (included in revenues and expenses). Total sales taxes for 2015 and 2014 were \$25,501 and \$31,240, respectively.

Midwest Athletes Against Childhood Cancer, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

The MACC Fund measures the fair value of its financial instruments using a three-tier hierarchy which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The MACC Fund determines fair value by:

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical asset or liabilities in active markets that the Organization has the ability to access.

Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in active markets;
- Inputs, other than quoted prices, that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Income Taxes

The Organization is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Organization is also exempt from state taxes on related income.

The Organization recognizes the benefit of a tax position only after determining whether it is more likely than not that the taxing authority would sustain the tax position upon examination of the technical merits of the tax position assuming the taxing authority has full knowledge of all information. The Organization has recorded no assets or liabilities related to uncertain tax positions.

Subsequent Events

Subsequent events have been evaluated through February 9, 2016, which is the date the financial statements were available to be issued.

Midwest Athletes Against Childhood Cancer, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Reclassifications

Certain amounts as previously reported in the 2014 financial statements have been reclassified to conform to the 2015 presentation. Such reclassifications had no effect on reported amounts of net assets or the change in net assets.

Note 2: Unconditional Promises to Give

Unconditional promises to give are summarized as follows:

	2015	2014
Unconditional promises to give	\$ 635,421	\$ 413,052
Less allowance for uncollectible promises to give	(6,500)	(6,500)
Less unamortized discount	-	(2,241)
Net unconditional promises to give	\$ 628,921	\$ 404,311

Note 3: Concentrations

The Organization maintains depository relationships with a local financial institution. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured.

Concentrations of promises to give are as follows as of December 31:

	2015	2014
Donor A	16 %	25 %
Donor B	13 %	20 %
Donor C	*	17 %
Donor D	20 %	14 %
Donor E	17 %	*

* Donor does not represent a significant concentration as of December 31.

The MACC Fund had net proceeds from one fundraising event which comprised approximately 20% and 21% of total revenue and support for 2015 and 2014, respectively.

Midwest Athletes Against Childhood Cancer, Inc.

Notes to Financial Statements

Note 4: Investments

Investments at December 31, 2015 and 2014 recorded in the accompanying statements of financial position consisted of the following:

	2015	2014
Equities	\$ 1,114,792	\$ 1,158,178
Fixed income mutual funds	1,461,514	1,431,852
Equity mutual funds	895,686	1,036,517
Total investments	\$ 3,471,992	\$ 3,626,547

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with various investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Net investment income (loss) during the years ended December 31 is as follows:

	2015	2014
Interest and dividends	\$ 86,715	\$ 74,426
Net realized (losses) gains	(16,909)	81,599
Net unrealized losses	(120,966)	(5,773)
Investment expenses	(36,403)	(32,135)
Total investment (loss) income	\$ (87,563)	\$ 118,117

Note 5: Fair Value Measurements

Following is a description of the valuation methodology used for each asset measured at fair value on a recurring basis:

- Equities are valued at the closing price reported on the active market on which the individual securities are traded.
- Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Midwest Athletes Against Childhood Cancer, Inc.

Notes to Financial Statements

Note 5: Fair Value Measurements (Continued)

Information regarding assets measured at fair value on a recurring basis is as follows:

<i>As of December 31, 2015</i>	Total Assets at Fair Value	Recurring Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities:				
U.S. equities	\$ 788,407	\$ 788,407	\$ -	-
Developed foreign equities	326,385	326,385	-	-
Fixed income mutual funds:				
Bank loan	73,220	73,220	-	-
Emerging markets bond	35,734	35,734	-	-
Intermediate-term bond	1,115,263	1,115,263	-	-
Nontraditional bond	237,297	237,297	-	-
Equity mutual funds:				
Commodities	56,924	56,924	-	-
Diversified emerging markets	63,184	63,184	-	-
Foreign large growth	185,284	185,284	-	-
Foreign real estate	149,075	149,075	-	-
Long/short equity	145,760	145,760	-	-
Mid-cap growth	109,937	109,937	-	-
Mid-cap value	108,144	108,144	-	-
Small blend	75,495	75,495	-	-
U.S. real estate	1,883	1,883	-	-
Totals	\$ 3,471,992	\$ 3,471,992	\$ -	-

Midwest Athletes Against Childhood Cancer, Inc.

Notes to Financial Statements

Note 5: Fair Value Measurements (Continued)

<i>As of December 31, 2014</i>	Total Assets at Fair Value	Recurring Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities:				
U.S. equities	\$ 1,068,832	\$ 1,068,832	\$ -	-
Developed foreign equities	89,346	89,346	-	-
Fixed income mutual funds:				
Bank loan	109,249	109,249	-	-
Emerging markets bond	74,832	74,832	-	-
Intermediate-term bond	992,043	992,043	-	-
Nontraditional bond	255,728	255,728	-	-
Equity mutual funds:				
Commodities	33,404	33,404	-	-
Diversified emerging markets	67,826	67,826	-	-
Foreign large growth	188,618	188,618	-	-
Foreign large value	232,616	232,616	-	-
Foreign real estate	186,121	186,121	-	-
Long/short equity	160,895	160,895	-	-
Mid-cap growth	165,113	165,113	-	-
U.S. real estate	1,924	1,924	-	-
Totals	\$ 3,626,547	\$ 3,626,547	\$ -	-

Note 6: Temporarily Restricted Net Assets

Temporarily restricted net assets include assets set aside in accordance with donor restrictions as to time or use. Temporarily restricted net assets consist of unconditional promises to give at December 31, 2015 and 2014.

Net assets were released from restrictions by the collection or write-off of unconditional promises to give.

Note 7: Retirement Plan

The MACC Fund has a salary reduction 403(b) plan covering substantially all employees which provides for employer supplemental contributions equal to a percentage of each participant's compensation at the discretion of the MACC Fund. The MACC Fund is also required to match 50% of a participant's salary reduction contributions, not to exceed \$2,500 annually. Expense related to the plan was approximately \$12,500 and \$10,000 in 2015 and 2014, respectively.

Midwest Athletes Against Childhood Cancer, Inc.

Notes to Financial Statements

Note 8: Research Contributions Payable

Research contributions payable consisted of the following at December 31:

	2015	2014
Unconditional, one-year commitment to the Medical College of Wisconsin with quarterly payments of \$452,500 through June 2015	\$ -	\$ 905,000
Unconditional, one-year commitment to the Medical College of Wisconsin with quarterly payments of \$427,500 through June 2016	855,000	-
Ten-year, \$3,500,000 commitment to the University of Wisconsin Foundation for the University of Wisconsin Paul P. Carbone Cancer Center. This commitment is to fund the MACC Fund Pediatric Cancer Research Wing. Annual payments of approximately \$240,000, payable through 2016	239,279	479,279
Gross research contributions payable	1,094,279	1,384,279
Less discount on research contributions payable	(11,167)	(32,981)
Research contributions payable - Net	1,083,112	1,351,298
Less current portion	(1,083,112)	(1,123,186)
Contributions payable - Less current portion	\$ -	\$ 228,112

In June 2013, the Organization entered into a conditional gift agreement with Children’s Hospital of Wisconsin (the “Hospital”). Under the terms of the gift agreement, the Organization committed to an initial pledge of \$10,000,000 to the Hospital restricted to childhood cancer research. Payments under the gift agreement are subject to the Organization’s access to funds and the approval of the Organization’s Scientific Advisory Board and Board of Directors. The funds are also conditioned upon specific performance of certain activities of the Hospital. In 2015 and 2014, payments under this gift agreement totaled \$750,000 each year. Payments of \$1,000,000 per year are expected to be paid beginning in 2016 and there afterwards. The additional \$500,000 payment will be made during the 10-year grant period at times chosen by the Organization.