

NATIONAL OVARIAN CANCER COALITION, INC.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017)**

NATIONAL OVARIAN CANCER COALITION, INC.
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(With Summarized Comparative Totals for the Year Ended December 31, 2017)

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INDEPENDENT AUDITORS' REPORT

To the Board Directors
of National Ovarian Cancer Coalition, Inc.

We have audited the accompanying financial statements of National Ovarian Cancer Coalition, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statement of activities and changes in net assets, statement of functional expenses, and statement of cash flows for the year then ended (the financial statements), 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 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Ovarian Cancer Coalition, Inc. as of December 31, 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.

Report on Summarized Comparative Information

We have previously audited National Ovarian Cancer Coalition, Inc.'s 2017 financial statements, and our report dated November 12, 2018, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Salmon Sims Thomas".

Salmon Sims Thomas & Associates
A Professional Limited Liability Company

November 14, 2019

NATIONAL OVARIAN CANCER COALITION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

(With Summarized Comparative Totals for the Year Ended December 31, 2017 - Restated)

ASSETS

	2018	2017
Current Assets		
Cash and cash equivalents	\$ 1,520,815	\$ 1,133,338
Contributions receivable	55,455	20,294
Inventory	53,440	59,327
Prepaid expenses	30,366	30,806
Total Current Assets	1,660,076	1,243,765
 Property and Equipment		
Furniture, fixtures, and equipment	35,228	153,026
Less accumulated depreciation and amortization	(27,916)	(143,057)
Net Property and Equipment	7,312	9,969
 Other Assets		
Beneficial interests in assets held by others	971,087	1,113,875
Rent and security deposits	15,199	13,632
Total Other Assets	986,286	1,127,507
 TOTAL ASSETS	\$ 2,653,674	\$ 2,381,241

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 18,073	\$ 269,875
Accrued salaries and wages	64,377	65,587
Accrued vacation	64,814	56,459
Deferred revenue	5,224	6,688
Total Current Liabilities	152,488	398,609
 Net Assets		
Without donor restrictions	2,451,186	1,894,132
With donor restrictions	50,000	88,500
Total Net Assets	2,501,186	1,982,632
 TOTAL LIABILITIES AND NET ASSETS	\$ 2,653,674	\$ 2,381,241

The accompanying notes are an integral part of these financial statements.

NATIONAL OVARIAN CANCER COALITION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018
(With Summarized Comparative Totals for the Year Ended December 31, 2017 - Restated)

	2018			2017
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Revenues and Support				
Awareness events (includes in-kind income of \$8,863 in 2018 and \$110,593 in 2017)	\$ 2,625,708	\$ 50,000	\$ 2,675,708	2,210,229
Less: cost of direct benefits to participants	(81,412)	-	(81,412)	(85,927)
Individual contributions	678,504	-	678,504	601,788
Corporation contributions	270,154	-	270,154	311,157
Conference revenue	239,427	-	239,427	-
Special events	113,077	-	113,077	146,429
Less: cost of direct benefits to participants	(34,461)	-	(34,461)	(23,309)
Outside fundraisers	178,838	-	178,838	155,900
Change in value of beneficial interests held by others	(142,788)	-	(142,788)	97,330
Investment income	191	-	191	535
	<u>3,847,238</u>	<u>50,000</u>	<u>3,897,238</u>	<u>3,414,132</u>
Net assets released from restriction	88,500	(88,500)	-	-
Total Revenues and Support	<u>3,935,738</u>	<u>(38,500)</u>	<u>3,897,238</u>	<u>3,414,132</u>
Expenses				
Program services				
Together in TEAL® - Ending Ovarian Cancer	1,408,361	-	1,408,361	1,581,018
Take Early Action and Live (TEAL®)	668,592	-	668,592	848,727
Faces of Hope	557,395	-	557,395	562,910
Total Program Services	<u>2,634,348</u>	<u>-</u>	<u>2,634,348</u>	<u>2,992,655</u>
Supporting services	391,002	-	391,002	454,137
Fundraising services	353,334	-	353,334	500,799
Total Expenses	<u>3,378,684</u>	<u>-</u>	<u>3,378,684</u>	<u>3,947,591</u>
Increase (Decrease) in Net Assets	557,054	(38,500)	518,554	(533,459)
Net Assets, beginning of year, restated	<u>1,894,132</u>	<u>88,500</u>	<u>1,982,632</u>	<u>2,516,091</u>
Net Assets, end of year	<u>\$ 2,451,186</u>	<u>\$ 50,000</u>	<u>\$ 2,501,186</u>	<u>\$ 1,982,632</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL OVARIAN CANCER COALITION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(With Summarized Comparative Totals for the Year Ended December 31, 2017)

	Program Services					2017	
	Together in TEAL® - Ending Ovarian Cancer	Take Early Action and Live (TEAL®)	Quality of Life	Total	Supporting	Fundraising	Total
Salaries and wages	\$ 643,780	\$ 230,781	\$ 113,391	\$ 987,952	\$ 153,994	\$ 201,111	\$ 1,343,057
Employee benefits	41,136	14,940	7,341	63,417	10,184	13,020	86,621
Payroll taxes	57,701	20,957	10,297	88,955	14,094	18,262	121,311
Rent and utilities	45,681	49,975	7,652	103,308	10,474	13,572	127,354
Contract labor	187,481	28,722	19,586	235,789	28,222	21,832	285,843
Website and internet	4,159	2,960	742	7,861	1,016	1,916	10,793
Advertising and communications	-	-	-	-	-	6,188	6,188
Maintenance and repair	265	320	47	632	65	84	781
Postage and shipping	20,985	19,365	34,352	74,702	1,664	3,145	79,511
Printing and copying	30,548	11,331	10,990	52,869	417	3,065	56,351
Telecommunications	8,380	21,034	1,495	30,909	2,047	2,652	35,608
Supplies and materials	27,547	36,180	2,903	66,630	3,242	6,883	76,755
Together in TEAL® event costs	279,338	-	-	279,338	-	-	279,338
Special events costs	-	-	-	-	-	12,146	12,146
Other meetings and conferences	3,960	200,850	57,151	261,961	1,807	4,503	268,271
Dues and subscriptions	46,032	21,218	8,214	75,464	14,584	40,898	130,946
Insurance	9,018	3,275	1,609	13,902	14,255	2,854	31,011
Research support	-	-	281,250	281,250	-	-	281,250
Professional fees	-	-	-	-	48,508	-	48,508
Credit card charges	99	-	-	99	85,866	500	86,465
Depreciation	2,251	797	375	3,423	563	703	4,689
Inventory adjustment	-	-	-	-	-	-	-
Inventory distribution	-	5,887	-	5,887	-	-	5,887
	<u>\$ 1,408,361</u>	<u>\$ 668,592</u>	<u>\$ 557,395</u>	<u>\$ 2,634,348</u>	<u>\$ 391,002</u>	<u>\$ 353,334</u>	<u>\$ 3,378,684</u>
							<u>\$ 1,417,065</u>
							145,467
							139,143
							187,507
							381,763
							5,752
							102,155
							74,081
							58,628
							55,686
							72,415
							234,646
							14,006
							122,182
							297,646
							34,199
							187,500
							71,876
							89,873
							7,128
							234,948
							13,925
							<u>\$ 3,947,591</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL OVARIAN CANCER COALITION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
(With Summarized Comparative Totals for the Year Ended December 31, 2017 - Restated)

	2018	2017
Cash Flows From Operating Activities		
Change in Net Assets	\$ 518,554	\$ (533,459)
Adjustments to reconcile change in net assets to net cash provided (used by) operating activities:		
Depreciation	4,689	7,128
Reinvested dividends	-	479
Change in value of beneficial interests in assets held by others	142,788	(97,330)
Changes in operating assets and liabilities		
Contributions receivable	(35,161)	(10,194)
Inventory	5,887	248,873
Deposits	(1,567)	1,850
Prepaid expenses	440	(18,418)
Accounts payable	(251,802)	194,441
Accrued salaries and wages	(1,210)	(2,122)
Accrued vacation	8,355	3,598
Deferred revenue	(1,464)	(24,294)
Net Cash Provided (Used) by Operating Activities	389,509	(229,448)
Cash Flows From Investing Activities		
Purchase of equipment	(2,032)	(8,002)
Proceeds from sale of investments	-	332,585
Net Cash Provided (Used) by Investing Activities	(2,032)	324,583
Net Increase in Cash	387,477	95,135
Cash, beginning of year	1,133,338	1,038,203
Cash, end of year	\$ 1,520,815	\$ 1,133,338

The accompanying notes are an integral part of these financial statements.

NATIONAL OVARIAN CANCER COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(With Summarized Comparative Totals for the Year Ended December 31, 2017)

NOTE 1: ORGANIZATION

National Ovarian Cancer Coalition, Inc. (NOCC) is a nonprofit public benefit corporation. NOCC's mission is to promote education and awareness about ovarian cancer. NOCC is committed to improving the survival rate and quality of life for women with ovarian cancer. NOCC currently provides program services nationwide. It is funded through contributions from the public and private sectors.

Program Structure

Programs and services that promote NOCC's mission consist of the following core areas:

- Take Early Action and Live (TEAL[®]) (formerly Awareness and Education)[®]
 - Program purpose is to promote education and prevent ovarian cancer
- Together in TEAL[®] (formerly Run/Walk to Break the Silence on Ovarian Cancer)
 - Program purpose is to raise awareness about ovarian cancer
- Faces of Hope[®] (formerly Survivorship)
 - Program purpose is survivorship, quality of life, and research

Programs and services are aimed at NOCC's identified target audiences:

- General public
- Survivors
- Caregivers
- Loved ones
- Healthcare/Corporate

Take Early Action and Live (TEAL[®]) Initiative

NOCC's education and awareness programs urging people to Take Early Action and Live (TEAL[®]). Signature Programs are Health Fairs, Speaker's Bureau, September Awareness, Third-Party Community Fundraising Events, and Chapter Activities as well as the production and distribution of educational literature about ovarian cancer, treatment, and quality of life issues.

Together in TEAL[®] - Ending Ovarian Cancer (formerly Run/Walk to Break the Silence on Ovarian Cancer[®])

NOCC's signature event raises awareness of ovarian cancer, honors survivors, and pays tribute to those lost to the disease. NOCC's Together in TEAL[®] – Ending Ovarian Cancer encompass all parts of its mission and support its nationwide and local activities.

Faces of Hope[®]

NOCC's survivorship and quality of life program provides current information, hope, and support to women with ovarian cancer, their families and loved ones. The signature program is TEAL[®] Totes/Packets. Chapters receive a list of American College of Surgeons (ACoS) and National Cancer Institute (NCI) accredited facilities within a 50-mile radius of their location based on each facility's annual ovarian cancer caseload. Each Chapter works closely with the Faces of Hope[®] Coordinator to build and/or strengthen the relationship with local facilities and arrange for them to distribute the TEAL[®] Totes/Packets to their newly diagnosed ovarian cancer patients. The Faces of Hope[®] Coordinator works directly with facilities where there is not a current chapter.

NATIONAL OVARIAN CANCER COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(With Summarized Comparative Totals for the Year Ended December 31, 2017)

NOTE 1: ORGANIZATION(CONTINUED)

Research in Action Initiativesm

NOCC has affirmed its commitment to funding research with the Research in Action Initiative Alliancesm. In collaboration with Stand Up To Cancer, Ovarian Cancer National Alliance and Ovarian Cancer Resource Fund, NOCC is committed to supporting the new Ovarian Cancer Dream Team, and the promise of leading- edge, ovarian cancer research.

Notable Organization activities during the year ended December 31, 2018 were (Unaudited);

Take Early Action and Live (TEAL[®])

- 110 health fairs
- 50 speaker's bureau presentations
- 100 other community events
- 165,663 pieces of literature and awareness items distributed around the country

Together in TEAL[®] - Ending Ovarian Cancer

- 18 run/walks raised awareness
- 991 survivors were honored
- 14,500 came Together in TEAL[®] - Ending Ovarian Cancer
- 785 volunteers supported the cause
- 1,400 teams fought for the cause

Faces of Hope[®]

- 150 volunteer events/chapter meetings
- 102 other community events
- 736 TEAL[®] totes were provided to women newly diagnosed with ovarian cancer
- 1,512 TEAL[®] totes distributed to accredited facilities serving women newly diagnosed with ovarian cancer

NATIONAL OVARIAN CANCER COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(With Summarized Comparative Totals for the Year Ended December 31, 2017)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies is presented to assist in understanding the financial statements. The financial statements and notes are representations of NOCC'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 (US GAAP) and have been consistently applied in the preparation of the financial statements.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional expense categories. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with NOCC's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Use of Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and reported revenues and expenses. Significant estimates used in preparing these financial statements include those assumed in recording depreciation and the allocation of functional expenses. Actual results could differ from those estimates.

Basis of Presentation

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

Net Assets without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions (*i.e.*, the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions of assets other than cash are recorded at their estimated fair value on the date of donation.

Cash and Cash Equivalents

NOCC considers all highly liquid instruments, including certificates of deposit with an original maturity of ninety days or less, to be cash equivalents. NOCC places cash which, at times, may exceed federally insured limits with high-credit quality financial institutions. NOCC has not experienced any losses on such assets.

NATIONAL OVARIAN CANCER COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(With Summarized Comparative Totals for the Year Ended December 31, 2017)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Assets and Services

Donated equipment and other donated goods are recorded at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and for which NOCC would have paid if not donated, are recorded at the estimated fair value at the time the services are rendered. NOCC also receives donated services that do not require specific expertise, but which are nonetheless central to NOCC's operations.

Tote bag inventory

Inventory consists of donated tote bags received in a prior year but not distributed as of the year end. The donated tote bags are valued based on fair value at December 31, 2018 (See Note 3).

Property and Equipment

Property and equipment are stated at cost, if purchased, or at fair value at the date the equipment was donated. Major expenditures and those which substantially increase useful lives of the assets are capitalized. Maintenance, repairs, and replacements, which do not improve or extend the lives of the respective assets, are included in the statement of activities and changes in net assets when incurred. When property and equipment is sold or otherwise disposed of, the asset is removed, and any gain or loss is included in the statement of activities and changes in net assets.

Depreciation has been calculated using the straight-line method based on the estimated useful lives of the assets as follows:

Furniture, fixtures, and equipment	3-10 years
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Income Taxes

NOCC is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) of 1986, as amended, as an organization described in Section 501 (c)(3) of the IRC. NOCC has been classified as an organization that is not a private foundation under IRC Section 509(a)(2), and as such, contributions to NOCC qualify for deductions as charitable contributions. However, income generated from activities unrelated to NOCC's exempt purpose is subject to tax under IRC Section 511.

Accounting for Uncertainty in Income Taxes

Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) Topic 740-10, *Accounting for Income Taxes*, would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the statement of activities and changes in net assets or accrued in the statement of financial position. Federal and state tax returns of the entity are generally open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

NATIONAL OVARIAN CANCER COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(With Summarized Comparative Totals for the Year Ended December 31, 2017)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Vacation

NOCC's employees are entitled to paid vacation depending upon the length of service. Accrued vacation represents vacation earned, but not taken. The accrued vacation balance as of December 31, 2018 and 2017 was \$64,814 and \$56,459, respectively.

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides the fair value hierarchy that prioritizes the inputs to valuation techniques used to measure 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).

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data such as benchmark interest rates and yield curves and/or securities indices.

Level 3 – Inputs that are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

The asset 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 need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodology used for assets measured at fair value. There has been no change in the methodology used at December 31, 2018.

Beneficial interests in assets held by others: Fair value of the beneficial interests held by others is based on NOCC's percent interest in the trust assets (see Note 5) held by a trustee.

NATIONAL OVARIAN CANCER COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(With Summarized Comparative Totals for the Year Ended December 31, 2017)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although NOCC 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.

The provisions of Topic 820 did not have an impact on NOCC's nonfinancial assets and nonfinancial liabilities that are not permitted or required to be measured at fair value on a recurring basis.

Unconditional Promises to Give

Contributions are recognized when a donor makes a promise to give to NOCC that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires or is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give that are due more than one year beyond the statement of financial position date are discounted to a net present value using an estimated discount factor for risk-free borrowing.

Contributions receivable are considered past due when payments are not made under the terms of the contribution agreement. There were no past due contributions receivable at December 31, 2018 and no provision was made for uncollectible receivables as of that date. Contributions receivable are considered uncollectible and written off as uncollectible when the donor withdraws the contribution commitment or fails to provide a reasonable revised schedule of contributions.

Advertising

NOCC's policy is to expense marketing and advertising as the costs are incurred. Marketing and advertising expenses for the years ended December 31, 2018 and 2017 totaled \$6,188 and \$102,155, respectively.

NATIONAL OVARIAN CANCER COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(With Summarized Comparative Totals for the Year Ended December 31, 2017)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as an update to ASC 958, Not-for-Profit Entities. This update makes several improvements to current reporting requirements that address complexities in the use of the previously required three classes of net assets and enhance required disclosures related to donor restrictions of net assets. The updated guidance results in a change in the classes of net assets reported on the face of the statement of financial position from three classes (unrestricted, temporarily restricted, and permanently restricted) to two classes (net assets without donor restrictions and net assets with donor restrictions).

The update also requires all not-for-profit entities to report expenses by function and by natural classification, either on the face of the financial statements or in the footnotes. Additional qualitative information about the methods used to allocate costs is also required to be disclosed. The update also requires all not-for-profit entities to disclose quantitative information that communicates the availability of NOCC's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year as well as qualitative information on how NOCC manages its liquid resources available to meet cash needs for general expenditures within one year of the statement of financial position date.

The updated guidance is effective for annual periods beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted. The new guidance should be applied on a retrospective basis. NOCC adopted this update in fiscal year 2018. No other material impact is expected.

In November 2016, the FASB issued ASU 2016-18, *Restricted Cash*, as an update to ASC 230, Statement of Cash Flows. This update requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The updated guidance will be effective for annual periods beginning after December 15, 2018 and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The new guidance will be applied on a retrospective basis. The updated guidance will result in a change in the statement of cash flows to include restricted cash and restricted cash equivalents. NOCC will adopt this update in 2019. No other material impact is expected.

NATIONAL OVARIAN CANCER COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(With Summarized Comparative Totals for the Year Ended December 31, 2017)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, Revenue Recognition. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The statement is effective for annual periods beginning after December 15, 2018. NOCC is in the process of evaluating the potential impact of ASU 2014-09 on its financial statements and it has not yet determined the method by which the standard will be adopted in 2019.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The new standard requires lessees to recognize a right-of-use (ROU) asset and a related lease liability for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities and changes in net assets. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statement of financial position. The new standard is effective for private entities for annual periods beginning after December 15, 2019. NOCC is currently assessing the impact on its statement of position but expects that the guidance will not result in significant changes to the results of operations.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as an update to ASC 958, Not-for-Profit Entities and to ASU 2014-09. The guidance provides a framework for evaluating whether grants should be accounted for as exchange transactions or as nonexchange transactions. For nonexchange transactions, the new guidance clarifies the contribution accounting model's guidance regarding whether arrangements are conditional or unconditional. The ASU applies to all entities that make or receive contributions but is primarily related to grants. The statement is effective for annual periods beginning after December 15, 2018. NOCC is currently assessing the impact on its statement of position but expects that the guidance will not result in significant changes to the results of operations.

Date of Management's Review

NOCC has evaluated subsequent events through November 14, 2019, the date the financial statements were available to be issued.

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NOTE 3: DONATED TOTE BAGS INVENTORY

Inventory consists of donated tote bags received but not distributed as of December 31, 2018 and 2017. The donated bags were initially valued based on the standard retail price of \$37 per bag with ribbon embroidery and \$30 per bag without ribbon embroidery. Over time, management determined that the value of the inventory was overstated and the estimated value was reduced. The remaining inventory valuation was further reduced to \$5 per bag and to \$1 per bag in 2016 and 2017, respectively. The adjustments for the decrease in fair value were \$-0- and \$234,948 in 2018 and 2017, respectively. NOCC plans to distribute the tote bags during future awareness events.

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment at consisted of the following at December 31:

	2018	2017
Furniture, fixtures, and equipment	\$ 35,228	\$ 153,026
Accumulated depreciation	(27,916)	(143,057)
	\$ 7,312	\$ 9,969

NOTE 5: BENEFICIAL INTERESTS IN ASSETS HELD BY OTHERS

NOCC is the beneficiary of two trusts. The trust assets in one trust have been segregated into separate accounts for each beneficiary of the trust. Therefore, NOCC's interest in this trust account is 100% and is valued based on statements provided by the trustee. At December 31, 2018 and 2017 the trust assets consisted of money accounts and mutual funds. As of December 31, 2018 and 2017, the interest in this trust was valued at:

	2018	2017
Beneficial interests in assets held by others	\$ 971,087	\$ 1,113,875

Distributions from this trust for the years ended December 31, 2018 and 2017 were \$62,262 and \$61,328, respectively, and are included with individual contributions in the accompanying statements of activities and changes in net assets. The changes in value of this beneficial interest for the years ended December 31, 2018 and 2017 was \$(142,788) and \$97,330, respectively, and are included in the accompanying statements of activities and changes in net assets with individual donations.

NOCC's interest in the second trust is that of a secondary income beneficiary. Once all trust expenses are paid, trust income is distributed to primary beneficiaries in prescribed dollar amounts. The secondary beneficiaries are then given a prescribed percentage of the remaining income. Due to the nature of this trust, NOCC's interest in this trust is not able to be estimated. Distributions from this trust for the years ended December 31, 2018 and 2017 were \$25,766 and \$4,000, respectively, and are included in the accompanying statements of activities and changes in net assets with individual donations.

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NOTE 6: FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table sets forth by level, within the fair value hierarchy, NOCC's assets at fair value as of December 31:

	Year	Fair Value	Quoted Prices in Active markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interests in assets held by others	2018	\$ 971,087	\$ 971,087	\$ -	\$ -
	2017	\$ 1,113,875	\$ 1,113,875	\$ -	\$ -

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of December 31:

	2018	2017
Research	\$ 15,000	\$ 32,000
Programs	35,000	-
Conferences and webinars	-	56,500
	<u>\$ 50,000</u>	<u>\$ 88,500</u>

Net assets with donor restrictions were released from restriction as follows for the years ended December 31:

	2018	2017
Research	\$ 32,000	\$ -
Conferences and webinars	56,500	-
	<u>\$ 88,500</u>	<u>\$ -</u>

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NOTE 8: OPERATING LEASES

Headquarters - Dallas, Texas

On May 22, 2013, NOCC exercised an option to extend the lease for its headquarters to an additional term of five years with monthly rent ranging from \$4,605 in 2014 to \$4,841 in 2019. During 2018, with Board approval, NOCC relocated its offices in Dallas, Texas to a new location and entered into a lease agreement effective from January 1, 2019 through July 31, 2029. The lease provides for seven months of no rent at the beginning of the term, and base rent beginning August 1, 2019 of \$5,582 to \$7,287 beginning August 1, 2028, plus electricity.

Regional Office - Chicago, Illinois

Effective February 1, 2012 and expiring in February 1, 2017, NOCC entered into a five-year office lease agreement at a rate of \$1,473 per month for the first year and an increase of 3% per year thereafter. This lease was extended on December 27, 2016 to be effective February 1, 2017 and expiring February 1, 2021 at a rate of \$1,503 per month for the first year and an increase of 2.5% per year thereafter.

Future minimum lease payments under the noncancellable leases are approximately as follows:
Year ending December 31,

2019	\$	51,670
2020		88,693
2021		93,214
2022		76,355
2023		77,056
2024 and thereafter		464,195

Rental expense under these agreements for the years ended December 31, 2018 and 2017 was \$86,146 and \$140,363, respectively.

NOCC incurred additional rental expense for storage for the years ended December 31, 2018 and 2017 of \$41,124 and \$34,517, respectively.

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NOTE 9: OVARIAN CANCER DREAM TEAM FUNDING CONDITIONAL COMMITMENT

During the year ended December 31, 2014, NOCC entered into a conditional Memorandum of Understanding ("MOU") outlining a desire to jointly fund a dream team dedicated to ovarian cancer research ("Ovarian Cancer Dream Team"). The total funding level of the Ovarian Cancer Dream Team is anticipated to be \$6,000,000 over a four-year period. Organizations wishing to jointly fund the Ovarian Cancer Dream Team include NOCC (\$1,500,000), Ovarian Cancer National Alliance (\$1,500,000) and Ovarian Cancer Research Fund (\$3,000,000).

Payments to help fund the Ovarian Cancer Dream Team are contingent upon satisfactory progress and achievement of applicable milestones and deliverables of the Ovarian Cancer Dream Team. The MOU was amended in 2017 to change only the payment schedule. During the years ended December 31, 2018 and 2017, NOCC provided support to the Ovarian Cancer Dream Team in the amounts of \$281,250 and \$187,500, respectively.

Under the terms of the MOU, NOCC wishes to provide the remaining amount of funding due during 2019 in the amount of \$281,250.

NOTE 10: RETIREMENT PLAN

NOCC has a 401(k) retirement plan in which the employer matches employee contributions equal to 50% of the first 6% of eligible deferred compensation per pay period after three consecutive months of employment. Employer matching contributions are 100% vested immediately. Employees over age 18 are immediately eligible for the plan. Employer contributions to the employee accounts for the years ended December 31, 2018 and 2017 were \$28,862 and \$32,872, respectively.

NOTE 11: LIQUIDITY AND AVAILABILITY OF RESOURCES

NOCC is substantially supported by contributions and grants. NOCC's liquidity management includes a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. NOCC's financial assets as of the statement of financial position date of December 31, 2018:

Cash	\$ 1,520,815
Grants receivable	55,455
Less: amounts with donor restrictions	<u>(50,000)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u><u>\$ 1,526,270</u></u>

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NOTE 12: PRIOR PERIOD RESTATEMENT

During the preparation of the December 31, 2018 financial statements, it was discovered that NOCC became a beneficiary in a trust (see note 5) during the year ended December 31, 2016. Had the amounts been correctly stated for the year ended December 31, 2016, assets, contributions, unrestricted net assets, and the change in net assets would have increased by \$1,016,545. The statements of financial position, activities, and changes in net assets as of December 31, 2017 have been restated.

	Dec. 31, 2016		
	Previously	Dec. 31, 2016	Prior Period
	Reported	Restated	Restatement
<i>Other Assets</i>			
Beneficial interests in assets held by others	\$ -	\$ 1,016,545	\$ 1,016,545
<i>Net Assets</i>			
Net assets without donor restrictions	1,449,546	2,466,091	1,016,545
<i>Revenues and Support</i>			
Individual contributions	648,938	1,665,483	1,016,545
<i>Increase(decrease) in Net Assets</i>	(1,046,284)	(29,739)	1,016,545