

**CANDLELIGHTERS CHILDHOOD  
CANCER FAMILY ALLIANCE, INC.**

**Report on Audits of Financial Statements  
for the years ended December 31, 2017 and 2016**

**Nagesh & Carter  
Certified Public Accountants**

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**NAGESH & CARTER, PLLC**  
*Certified Public Accountants*

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Candlelighters Childhood Cancer Family Alliance, Inc.

We have audited the accompanying financial statements of Candlelighters Childhood Cancer Family Alliance, Inc. (a not for profit organization) which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, cash flows and functional expenses 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 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 audits. We conducted our audits 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 depends on the auditor's judgment, including the assessment of the risk 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, presents fairly, in all material respects, the financial position of Candlelighters Childhood Cancer Family Alliance, Inc. as of December 31, 2017 and 2016, 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 of America.

*Nagesh & Carter PLLC*

Houston, TX  
August 24, 2018

**CANDLELIGHTERS CHILDHOOD  
CANCER FAMILY ALLIANCE, INC.**  
**Statements of Financial Position**  
**as of December 31, 2017 and 2016**

**Assets**

	<b>2017</b>	<b>2016</b>
Cash and cash equivalents	\$ 442,810	\$ 447,666
Prepaid expenses - events	5,715	24,029
Deposits and prepaid rent	2,153	7,528
Property and equipment	45,304	43,309
Less: accumulated depreciation	(42,970)	(40,946)
Net Property and equipment	2,334	2,363
Total Assets	\$ 453,012	\$ 481,586

**Liabilities and Net Assets**

Deferred revenue - future events	\$ 28,550	\$ 16,000
Total liabilities	28,550	16,000
Net Assets:		
Unrestricted	424,462	465,586
Total net assets	424,462	465,586
Total liabilities and net assets	\$ 453,012	\$ 481,586

See accompanying notes to financial statements

**CANDLELIGHTERS CHILDHOOD  
CANCER FAMILY ALLIANCE, INC.**  
**Statements of Activities**  
**for the years ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Revenue and support unrestricted</b>		
Contributions	\$ 271,972	\$ 197,827
In-kind contributions	33,465	18,730
Special events revenue	442,357	606,557
Less: Cost of direct benefit to donors	<u>(96,003)</u>	<u>(154,595)</u>
Net revenues from special events	346,354	451,962
Investment income (loss)	<u>(272)</u>	<u>575</u>
Total unrestricted revenues and support	<u>651,519</u>	<u>669,094</u>
<b>Expenses:</b>		
Programs and services	490,783	458,277
Management and general	82,948	69,412
Fundraising	<u>118,912</u>	<u>115,028</u>
Total Expenses	<u>692,643</u>	<u>642,717</u>
Change in unrestricted net assets	<u>(41,124)</u>	<u>26,377</u>
Net assets, beginning of year	<u>465,586</u>	<u>439,209</u>
Net assets, end of year	<u>\$ 424,462</u>	<u>\$ 465,586</u>

See accompanying notes to financial statements

**CANDLELIGHTERS CHILDHOOD  
CANCER FAMILY ALLIANCE, INC.**  
**Statements of Cash Flows**  
**for the years ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Changes in net assets, increase (decrease)	\$ (41,124)	\$ 26,377
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Changes in operating assets and liabilities:		
Depreciation expense	2,024	2,982
Decrease (increase) in prepaids and deposits	23,689	(18,748)
Increase(decrease) in accounts payable and accrued	-	(4,333)
Increase (decrease) in deferred revenue	12,550	2,450
Net cash provided (used) by operating activities	<u>(2,861)</u>	<u>8,728</u>
Cash flows from investing activities:		
Purchase of capital assets	(1,995)	-
Net cash used for investing activities	<u>(1,995)</u>	<u>-</u>
Net change in cash and cash equivalents	(4,856)	8,728
Cash and cash equivalents at beginning of year	447,666	438,938
Cash and cash equivalents at end of year	<u>\$ 442,810</u>	<u>\$ 447,666</u>

See accompanying notes to financial statements

**CANDLELIGHTERS CHILDHOOD  
CANCER FAMILY ALLIANCE, INC.**  
**Statement of Functional Expenses**  
**for the year ended December 31, 2017**

	Programs & Services	Management and General	Fundraising	Total
Salaries and payroll taxes	\$ 276,049	\$ 23,414	\$ 104,360	\$ 403,823
Employer Contribution 401K Plan	7,336	541	3,001	10,878
Employee parking	5,119			5,119
Adopt a Family	1,150			1,150
Adopt a Family - in-kind contributions	33,465			33,465
Transportation	10,840			10,840
Family camp	5,905			5,905
Family Assistance	11,419			11,419
Meal passes	2,500			2,500
Memorial events and funds	7,250			7,250
Newsletter	9,274			9,274
Patient parking	70,956			70,956
Support Meetings	7,010			7,010
Supplies and general	4,864			4,864
Office supplies and expenses	10,297	17,426	3,961	31,684
Merchant cards and bank fees	7,617			7,617
Insurance	1,757	2,974	676	5,407
Rent office	10,141	17,168	3,902	31,210
Maintenance office	1,575	2,665	606	4,846
Telephone and internet	2,200	3,724	846	6,770
Computer and software expense	2,566	4,343	987	7,896
Utilities	835	1,412	321	2,568
Professional fees	-	8,167		8,167
Depreciation expense	658	1,113	253	2,024
Total functional expenses	<u>\$ 490,783</u>	<u>\$ 82,948</u>	<u>\$ 118,912</u>	<u>\$ 692,643</u>

See accompanying notes to financial statements



**CANDLELIGHTERS CHILDHOOD  
CANCER FAMILY ALLIANCE, INC.  
Statement of Functional Expenses  
for the year ended December 31, 2016**

	Programs & Services	Management and General	Fundraising	Total
Salaries and payroll taxes	\$ 249,648	\$ 12,339	\$ 104,905	\$ 366,892
Employer Contribution 401K Plan	5,331	386	1,721	7,438
Employee parking	4,510			4,510
Adopt a Family	1,116			1,116
Adopt a Family - in-kind contributions	18,730			18,730
Transportation	6,297			6,297
Family camp	55,525			55,525
Family Assistance	739			739
Meal passes	3,200			3,200
Memorial events and funds	4,837			4,837
Newsletter	6,854			6,854
Patient parking	61,300			61,300
Support Meetings	4,866			4,866
Supplies and general	2,185			2,185
Office supplies and expenses	10,864	18,385	4,178	33,427
Merchant cards fees	11,294			11,294
Insurance	1,233	2,087	474	3,794
Rent office	7,023	11,886	2,701	21,610
Telephone and internet	1,756	2,972	676	5,404
Professional fees	-	19,718		19,718
Depreciation expense	969	1,640	373	2,982
Total functional expenses	<u>\$ 458,277</u>	<u>\$ 69,412</u>	<u>\$ 115,028</u>	<u>\$ 642,717</u>

See accompanying notes to financial statements

# CANDLELIGHTERS CHILDHOOD CANCER FAMILY ALLIANCE, INC.

## Notes to Financial Statements

### 1. Description of Organization

#### Mission

The mission of Candlelighters Childhood Cancer Family Alliance (“Candlelighters”) is to provide emotional, educational, and practical support to children with cancer and their families. In addition, Candlelighters desires to promote childhood cancer awareness and the need for childhood cancer education and research in our community.

#### Brief History of Candlelighters

Candlelighters began in 1989 with two parent support groups from the Houston Medical Center: one at Texas Children’s Cancer Center and one at MD Anderson Cancer Center. The Texas Children’s Hospital group sought formal incorporation, and in 1992 Candlelighters Childhood Cancer Family Alliance was legally formed. In the fall of 1992 they invited the MD Anderson Parent Group to join them and the two organizations merged into one.

Candlelighters provide programs and services for families of children with childhood cancer and long-term survivors of childhood cancer in our area. Candlelighters families are eligible for our services, with priority given to families in need.

#### **PROGRAMS and SERVICES:**

**The Parent Consultant Program** was developed to directly meet the needs of families at the treatment centers and to inform them of potential resources and help through Candlelighters. Each Parent Consultant had or has a child with cancer and knows what it is like to be the custodial parent of a child with cancer. The Parent Consultant provides emotional support, educational support and practical support to families being treated at the Texas Medical Center. This unique program consists of four parent consultants serving childhood cancer families at MD Anderson Cancer Center Pediatrics and Texas Children’s Cancer Center.

A **newsletter** distributed 4 times a year for all families has articles on school issues, emotional support and childhood cancer. The quarterly newsletter connects all our families with a calendar of events and happenings, articles from long-term survivors and patients on treatment, memorials, and photos and articles of interest to our families, our sponsors and our donors.

**CANDLELIGHTERS CHILDHOOD  
CANCER FAMILY ALLIANCE, INC.**

Notes to Financial Statements

**1. Description of Organization, continued**

**PROGRAMS and SERVICES, continued:**

**Toiletry bags** are available for families who are in the hospital and need personal toiletry items. Families often arrive at the hospital after an emergency or following a doctor visit and are not prepared for a hospital stay. Candlelighters provide personal toiletry items needed for that unexpected stay.

**Parking Validations** are available to pay part of the parking expense during hospital stays or clinic visits. Following the emotional support provided by Candlelighters, parking assistance continues to be the top practical need requested from our families. To a parent who stays with an ill child for weeks, even months, paying for parking can become a tremendous financial burden. Parking vouchers are distributed by Candlelighters Parent Consultants. In 2017, 8,000 parking validations were distributed.

**Meal Passes** for five dollars of cafeteria food are available. Patients' meals are taken care of while the child is in the hospital, however, the meals of the parents staying with the children or the young siblings at the hospital are not taken care of. Help with meal passes for the hospital cafeteria is vital to the parents who stay with their child 24 hours a day. This becomes a costly burden over the weeks and months. Also, food is not provided while the patient is in clinic. Therefore, Candlelighters provides \$5 meal passes for the hospital cafeteria. These passes are used primarily for families who are in-patient for long time periods. In 2017, 350 meal passes were provided.

**Gas Gift Certificates** for use at major gas stations are available. Coupled with parking fees, the costs of actually traveling to the hospital, especially on multiple days and weeks, became a struggle for many of our families. In many instances, one parent accompanies the child, while the other parent arrives at the hospital after work doubling the gas and parking costs. In 2017, 175 gas gift certificates were distributed.

**Memorial Fund** for assistance of \$250.00 for funeral related expenses. The funeral assistance is paid directly to a funeral home in one of the 13 counties served by Candlelighters. In 2017, Candlelighters assisted 12 families with funeral expenses.

**CANDLELIGHTERS CHILDHOOD  
CANCER FAMILY ALLIANCE, INC.**

Notes to Financial Statements

**1. Description of Organization, continued:**

**PROGRAM and SERVICES, Continued:**

**Camp CLIFF** (Children Loved In Families Forever) a unique camp that includes the entire family, providing a weekend away from cancer. Families enjoy a camping experience and an opportunity to spend time away from the hectic routines of hospitals and treatments. Camp is provided at no charge to Candlelighters families. In 2017, Camp CLIFF was cancelled due to Hurricane Harvey.

**Adopt-A- Family for the Holidays** program provides hope, support and practical help to families during the holiday season. Our Adopt-A-Family program pairs organizations, companies, and community members with a Candlelighters family, spreading holiday cheer to childhood cancer families. Sponsors purchase gifts for all the family members and deliver them to the family. Adopt-A-Family guidelines request that sponsors purchase a maximum of three gifts totaling \$50 or less for each family member. In 2017, a total of 320 families, or 1,1,453 family members were adopted.

**Fall Family Festival**, held in October each year, is a fun event for the entire family with food, games, carnival events, recreational activities, and surprises. The 8<sup>th</sup> grade class at St. John's School hosts the annual event. In 2017, a total of 500 children and their families attended Fall Festival.

**Summer Surprises** is held each summer at Texas Children's and MD Anderson Hospitals. Volunteers deliver gifts to children in the hospital or at the clinic. The event includes handing out gifts and sweets to all of the childhood cancer patients and their siblings. It brings some "holiday" cheer in the middle of summer to children undergoing treatment at the cancer centers. Our Summer Surprises volunteers conduct a toy drive and/or purchase toys for the program, wrap gifts and label them, deliver the gifts to Texas Children's Cancer Clinic and hospital and host a party at MD Anderson and distribute toys. In 2017, over 600 presents were delivered to children with cancer and siblings in the hospitals and clinics.

**CANDLELIGHTERS CHILDHOOD  
CANCER FAMILY ALLIANCE, INC.**

Notes to Financial Statements

**2. Significant Accounting Policies**

*BASIS OF PRESENTATION*

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

Financial statement presentation follows the recommendations of Financial Accounting Standards Board (FASB) *Accounting Standards Codification*. As such, the financial statements are presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets.

*CASH AND CASH EQUIVALENTS*

Cash consist of amounts maintained in demand deposit accounts and cash on hand. Cash equivalents are highly liquid investments with a maturity of 90 days or less.

*REVENUE RECOGNITION*

Candlelighters follows procedures outlined in Financial Accounting Standards Board (FASB) *Accounting Standards Codification* when accounting for contributions received and contributions made. As such, contributions are recognized as revenue when they are received or unconditionally pledged.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Gifts of land, building and equipment are reported as unrestricted support unless explicit donor stipulation specifies how the donated assets must be used. Gifts of long lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

**CANDLELIGHTERS CHILDHOOD  
CANCER FAMILY ALLIANCE, INC.**

Notes to Financial Statements

**2. Significant Accounting Policies, continued**

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited.

CONTRIBUTIONS AND PLEDGES RECEIVABLE

Contributions and pledges receivable that are expected to be collected within one year are recorded at their net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on these amounts are computed using a risk free interest rate applicable to the year in which the contribution is made. Amortization of the discount is included in contribution revenue.

DEPRECIATION AND AMORTIZATION

Property and equipment are stated at cost if purchased, or at fair value at the date of gift if donated. Candlelighters' policy is to capitalize all purchases of property and equipment with a cost in excess of \$500 and estimated useful life more than one year. Depreciation is computed using the straight-line method. The estimated useful life of property and equipment used in determining depreciation is 5-7 years. Depreciation expense totaled \$2,024 and \$2,982 for the years ended December 31, 2017 and 2016 respectively.

**CANDLELIGHTERS CHILDHOOD  
CANCER FAMILY ALLIANCE, INC.**

Notes to Financial Statements

**2. Significant Accounting Policies, continued**

INCOME TAXES

No Federal income taxes are payable by Candlelighters and none have been provided for in the accompanying financial statements as it is exempt under Internal Revenue Code section 501(c)(3).

**3. Cash & Cash Equivalents**

The following is a summary of cash and cash equivalents as of December 31,

	<u>2017</u>	<u>2016</u>
Cash on hand and business checking accounts	\$ 231,754	\$ 293,979
Certificates of deposits	<u>211,056</u>	<u>153,687</u>
Total cash and cash equivalents	<u>\$ 442,810</u>	<u>\$ 447,666</u>

Candlelighters maintain cash in bank deposit accounts which at times may exceed FDIC limits. The Organization has not experienced any losses on such accounts and believes they are not exposed to any significant credit risk on cash and cash equivalents.

**4. In-Kind Contributions**

Material gifts-in-kind items used in the Organization's Adopt a Family for the holidays has been reflected in the financial statements as in-kind contributions. The donor reported value of these contributions totaled \$33,465 and \$18,730,967 for the years ended December 31, 2017 and 2016 respectively.

**5. Commitments and Contingencies**

Candlelighters occupy its office space under a non-cancelable operating lease, the leased is for a five-year period ending December 31, 2021. Rent expense totaled \$31,210 and \$21,610 for the years ended December 31, 2017 and 2016 respectively.

**CANDLELIGHTERS CHILDHOOD  
CANCER FAMILY ALLIANCE, INC.**  
Notes to Financial Statements

**5. Commitments and Contingencies, continued**

Future lease obligation:

December 31,	
2018	\$ 19,631
2019	20,109
2020	20,588
2021	21,067
Total	<u>\$ 81,395</u>

**6. Employee Benefit Plan**

The Organization has a retirement plan under which employees may defer a portion of their annual compensation, pursuant to Section 401(k) of the Internal Revenue Code. All employees who have completed at least three months of service is eligible to participate in the plan. Employer will match Employees contribution dollar for dollar up to 5% of the employee's annual salary. The Organization matching contribution totaled \$10,878 and \$7,438 for the years ended December 31, 2017 and 2016 respectively.

**7. Compensated Absences**

Employees of the Organization are entitled to paid vacation, paid sick days, and personal days off; compensation for this time has not been accrued since they cannot be reasonably estimated. The Organization's policy is to recognize these costs when actually paid to employees.

**8. Subsequent Events**

The Organization has evaluated subsequent events through August 20, 2018 the date which the financial statements were available to be issued.