

SWIM ACROSS AMERICA, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

December 31, 2017 and 2016



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Swim Across America, Inc.
Charlotte, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of Swim Across America, Inc. (Organization) (a Connecticut non-profit Corporation), which comprise the statements of financial position as of December 31, 2017 and 2016, 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 of America (US GAAP); 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 (US GAAS). Those standards require that we plan and perform the audits 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 on the previous page present fairly, in all material respects, the financial position of the Organization 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 US GAAP.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Restivo Monacelli LLP

Providence, Rhode Island
November 13, 2018

SWIM ACROSS AMERICA, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016

	2017	2016
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 1,812,156	\$ 1,284,355
OTHER ASSETS		
Unconditional promises to give	1,971,060	30,711
Prepaid expenses and other assets	19,154	22,741
Property and equipment, net	<u>30,333</u>	<u>60,959</u>
	<u>2,020,547</u>	<u>114,411</u>
TOTAL ASSETS	<u><u>\$ 3,832,703</u></u>	<u><u>\$ 1,398,766</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 15,266	\$ 46,153
Grants payable	<u>-</u>	<u>487,500</u>
TOTAL LIABILITIES	15,266	533,653
NET ASSETS		
Unrestricted net assets	1,058,421	865,113
Temporarily restricted net assets	<u>2,759,016</u>	<u>-</u>
	<u>3,817,437</u>	<u>865,113</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,832,703</u></u>	<u><u>\$ 1,398,766</u></u>

See accompanying notes to financial statements.

SWIM ACROSS AMERICA, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Contributions	\$ 7,035,821	2,959,016	\$ 9,994,837	\$ 6,516,265	\$ -	\$ 6,516,265
Investment and other income, net	9,660	-	9,660	2,821	-	2,821
Net assets released from restriction	200,000	(200,000)	-	-	-	-
TOTAL SUPPORT AND REVENUE	7,245,481	2,759,016	10,004,497	6,519,086	-	6,519,086
EXPENSES						
Program Services	6,645,463	-	6,645,463	6,187,957	-	6,187,957
Supporting Services						
Management and general	204,298	-	204,298	181,729	-	181,729
Fundraising	202,412	-	202,412	173,808	-	173,808
	<u>406,710</u>	<u>-</u>	<u>406,710</u>	<u>355,537</u>	<u>-</u>	<u>355,537</u>
TOTAL EXPENSES	7,052,173	-	7,052,173	6,543,494	-	6,543,494
CHANGE IN NET ASSETS	193,308	2,759,016	2,952,324	(24,408)	-	(24,408)
NET ASSETS, beginning	865,113	-	865,113	889,521	-	889,521
NET ASSETS, ending	\$ 1,058,421	\$ 2,759,016	\$ 3,817,437	\$ 865,113	\$ -	\$ 865,113

See accompanying notes to financial statements.

SWIM ACROSS AMERICA, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,952,324	\$ (24,408)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	30,626	31,330
Discount for present value of unconditional promises to give	40,984	-
Changes in assets and liabilities:		
Unconditional promises to give	(1,981,333)	18,289
Prepaid expenses and other assets	3,587	2,391
Accounts payable and accrued expenses	(30,887)	28,412
Grants payable	(487,500)	(177,500)
	<u>(2,424,523)</u>	<u>(97,078)</u>
NET CASH FROM OPERATING ACTIVITIES	527,801	(121,486)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>-</u>	<u>(26,179)</u>
NET CASH FROM INVESTING ACTIVITIES	-	(26,179)
NET CHANGE IN CASH AND CASH EQUIVALENTS	527,801	(147,665)
CASH AND CASH EQUIVALENTS, beginning	<u>1,284,355</u>	<u>1,432,020</u>
CASH AND CASH EQUIVALENTS, ending	<u><u>\$ 1,812,156</u></u>	<u><u>\$ 1,284,355</u></u>

See accompanying notes to financial statements.

SWIM ACROSS AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Swim Across America, Inc. (Organization) is a Connecticut non-profit corporation organized on May 5, 1992. The Organization's purpose is to promote, educate and raise funds for cancer research and treatment. The Organization solicits public and private contributions to allocate among various cancer facilities.

The program services of the Organization consists of annual swim events located in Atlanta, Baltimore, Boston, Charleston, Chicago, Dallas, San Francisco, Greenwich, Long Island Sound, Nantucket, Nassau/Suffolk, Rhode Island, Seattle, St. Louis, and Tampa Bay. At the events, the Organization raises awareness about cancer research and provides an outlet for various families and teams of swimmers which have been affected by cancer. The events often host speakers and highlight stories of participants, while doctors and local medical staff swim alongside, and volunteer with, the local community. The funds raised at the annual swims benefit various cancer research and treatment organizations as detailed in Note 9.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America (US GAAP). Under this method of accounting, revenue is recognized when amounts are earned and when the amount and timing of the revenue can be reasonably estimated. Expenses are recognized when they occur.

Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers operating checking, interest bearing liquid investment accounts, savings, and certificate of deposit accounts to be cash equivalents.

As of December 31, 2017 and 2016, cash and cash equivalents consisted of the following:

	<u>2017</u>	<u>2016</u>
Cash	\$ 1,701,527	\$ 1,268,244
Certificates of deposit	<u>110,629</u>	<u>20,211</u>
	<u>\$ 1,812,156</u>	<u>\$ 1,284,355</u>

SWIM ACROSS AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Promises to Give

Contributions are recognized when received or when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on past experience and management's analysis of specific contributions made. As of December 31, 2017 and 2016, management believes that no such allowance is deemed necessary.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property, at the estimated fair market value at the date of donation. The Organization capitalizes all costs incurred over \$1,000. Depreciation and amortization is calculated using the straight-line method over the expected useful lives of the assets ranging from three to five years.

Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. No such restrictions on property and equipment exist at December 31, 2017 and 2016.

Net Assets

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

Unrestricted Net Assets - Net assets available for use in general operations.

Temporarily Restricted Net Assets - Net assets subject to donor restrictions that may or will be met by expenditures or other actions and/or the passage of time.

The Organization reports contributions as temporarily restricted support if they are received with donor stipulations that limit the 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 to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

SWIM ACROSS AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Permanently Restricted Net Assets - Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by our actions. The Organization had no permanently restricted net assets at December 31, 2017 and 2016.

Functional Expenses

Direct expenses are charged to program, management and general, or fundraising categories based on specific identification. Indirect expenses have been allocated based on the percentage of direct expenses charged to each category.

Advertising Costs

The Organization expenses advertising costs as they are incurred. Advertising costs totaled \$134,726 and \$150,696 for the years ended December 31, 2017 and 2016, respectively.

Income Taxes

The Organization qualifies as a tax-exempt organization as provided under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Accordingly, the Organization is not required to take any tax positions in order to qualify as a tax-exempt organization. The Organization is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Organization has no other tax positions which must be considered for disclosure. The Organization's returns generally remain open for examination three years from the date filed.

Reclassifications

Certain amounts reported in the 2016 financial statements have been reclassified to conform to the 2017 presentation.

Subsequent Events

Management evaluated the activity of the Organization through November 13, 2018, the date of the independent auditor's report.

SWIM ACROSS AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2017 and 2016

NOTE 2 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Unrestricted	\$ 12,044	\$ 30,711
Temporarily restricted	<u>2,000,000</u>	<u>-</u>
	2,012,044	30,711
Less unamortized discount	<u>40,984</u>	<u>-</u>
Unconditional promises to give, net	<u>\$ 1,971,060</u>	<u>\$ 30,711</u>

As of December 31, 2017, scheduled maturities of unconditional promises to give are as follows:

Due in less than one year	\$ 1,012,044
Due in one through five years	<u>1,000,000</u>
	<u>\$ 2,012,044</u>

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques and a discount rate of 2.375%, when the donor makes an unconditional promise to give to the Organization.

NOTE 3 - PROPERTY AND EQUIPMENT

As of December 31, 2017 and 2016, property and equipment consisted of the following:

	<u>2017</u>	<u>2016</u>
Office equipment	\$ 17,523	\$ 17,523
Promotional equipment	93,322	93,322
Mobile application software	<u>35,425</u>	<u>35,425</u>
	146,270	146,270
Less accumulated depreciation	<u>115,937</u>	<u>85,311</u>
	<u>\$ 30,333</u>	<u>\$ 60,959</u>

SWIM ACROSS AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2017 and 2016

NOTE 4 - GRANTS PAYABLE

As of December 31, 2017 and 2016, grants payable consisted of the following:

	<u>2017</u>	<u>2016</u>
Johns Hopkins - The Sidney Kimmel Comprehensive Care Center	\$ -	\$ 450,000
Siteman Cancer Center	<u>-</u>	<u>37,500</u>
	<u>\$ -</u>	<u>\$ 487,500</u>

NOTE 5 - DEFINED CONTRIBUTION PLAN

The Organization maintains an employee retirement plan (Plan) to which the participants may contribute up to the Internal Revenue Service limits. The Plan covers all employees who have met certain service requirements. The Organization contributed \$24,440 and \$14,009 to the Plan for the years ended December 31, 2017 and 2016, respectively.

NOTE 6 - AGENCY DONATIONS

In connection with the Organization's annual swim events, donations totaling \$11,000 and \$12,000 for 2017 and 2016, respectively, were made directly to the beneficiaries on behalf of the Organization. Such amounts are not reflected in the Organization's financial statements as they are considered agency transactions and not contributions to the Organization.

NOTE 7 - RELATED PARTY TRANSACTIONS

During the year ended December 31, 2017, the Organization paid a board member \$15,000 for accounting services provided to the Organization.

NOTE 8 - CONCENTRATIONS OF CREDIT RISK

Financial instruments, which potentially subject the Organization to concentration of credit risk, consist of cash and cash equivalents.

The Organization maintains its cash balances in a financial institution with branches located throughout the United States of America. This institution participates with over 30 unrelated banks to extend available FDIC coverage to depositors up to \$14,000,000. All cash balances were within insured limits at December 31, 2017.

SWIM ACROSS AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2017 and 2016

NOTE 8 - CONCENTRATIONS OF CREDIT RISK (Continued)

The Organization is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contracted obligations on its behalf. Management monitors the financial condition of those financial institutions and does not anticipate any losses from these counterparties.

NOTE 9 - GRANTS – CANCER RESEARCH

During the years ended December 31, 2017 and 2016, the Organization made grants to the following beneficiaries:

<u>Beneficiary</u>	<u>2017</u>	<u>2016</u>
Feinstein Institute for Medical Research	\$ 55,000	\$ 65,000
United Hospice of Rockland	-	5,700
Women and Infants	115,000	100,000
Baylor Cancer Center	220,711	210,000
Seattle Cancer Care Alliance	370,000	425,000
Johns Hopkins - The Sidney Kimmel Comprehensive Care Center	380,000	450,000
Children's Hospital of Oakland Research Institute	310,000	275,000
Cold Spring Harbor Laboratory	60,000	70,000
Fighting Chance	-	40,000
Alliance for Cancer Gene Therapy	350,000	355,000
University of California San Francisco's Children's Hospital Survivorship Clinic	310,000	275,000
MD Anderson Cancer Center	160,000	160,000
Share Cancer Support	10,000	-
Cancer Support Team of Westchester	400,504	335,000
Dana Farber Cancer Institute	117,500	110,000
Memorial Sloan-Kettering Cancer Center	455,000	425,000
Glen Cove Cares	2,500	3,000
Carolina Health Care Foundation	105,000	-
Palliative & Supportive Care of Nantucket	80,000	70,000
Nantucket Cottage Hospital	210,000	180,000
Rush University Cancer Center	290,000	225,711
Moffitt Cancer Center	180,711	182,711
Mercy Medical Center	3,000	-
Massachusetts General Hospital	117,500	110,000
Children's Healthcare of Atlanta	365,000	310,000
Children's Hospital of New York – Columbia Presbyterian	120,000	150,300
Siteman Cancer Center	<u>105,000</u>	<u>37,500</u>
	<u>\$ 4,892,426</u>	<u>\$ 4,569,922</u>

SUPPLEMENTARY INFORMATION

SWIM ACROSS AMERICA, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended December 31, 2017

	<u>Program</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 426,405	\$ 60,915	\$ 121,830	\$ 609,150
Payroll taxes	28,940	4,134	8,269	41,343
Employee benefits	59,113	8,445	16,889	84,447
	<u>514,458</u>	<u>73,494</u>	<u>146,988</u>	<u>734,940</u>
Grants - cancer research	4,892,426	-	-	4,892,426
Bank and credit card charges	254,185	-	-	254,185
Database and website	6,766	-	-	6,766
Education and promotion	121,253	13,473	-	134,726
Event specific expenses	263,766	-	-	263,766
Insurance	26,752	2,972	-	29,724
Outside services	311,721	-	-	311,721
Professional fees	-	49,918	-	49,918
Reception expenses	86,640	12,377	24,754	123,771
Registration fees	32,024	-	-	32,024
Rent	-	16,656	-	16,656
Supplies	41,793	4,644	-	46,437
Telephone	-	5,298	-	5,298
Travel and entertainment	83,432	11,919	23,838	119,189
Depreciation	10,247	13,547	6,832	30,626
	<u>514,458</u>	<u>73,494</u>	<u>146,988</u>	<u>734,940</u>
Total expenses	<u>\$ 6,645,463</u>	<u>\$ 204,298</u>	<u>\$ 202,412</u>	<u>\$ 7,052,173</u>

See independent auditor's report.

SWIM ACROSS AMERICA, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended December 31, 2016

	<u>Program</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 370,777	\$ 52,968	\$ 105,936	\$ 529,681
Payroll taxes	25,517	3,645	7,291	36,453
Employee benefits	39,955	5,708	11,416	57,079
	<u>436,249</u>	<u>62,321</u>	<u>124,643</u>	<u>623,213</u>
Grants - cancer research	4,569,922	-	-	4,569,922
Bank and credit card charges	242,167	-	-	242,167
Database and website	3,116	-	-	3,116
Education and promotion	135,626	15,070	-	150,696
Event specific expenses	223,939	-	-	223,939
Insurance	24,849	2,761	-	27,610
Outside services	323,220	-	-	323,220
Professional fees	-	41,787	-	41,787
Reception expenses	74,579	10,654	21,309	106,542
Registration fees	29,797	-	-	29,797
Rent	-	20,222	-	20,222
Supplies	45,855	5,095	-	50,950
Telephone	-	6,844	-	6,844
Travel and entertainment	64,497	9,214	18,428	92,139
Depreciation	14,141	7,761	9,428	31,330
	<u>14,141</u>	<u>7,761</u>	<u>9,428</u>	<u>31,330</u>
Total expenses	<u>\$ 6,187,957</u>	<u>\$ 181,729</u>	<u>\$ 173,808</u>	<u>\$ 6,543,494</u>

See independent auditor's report.