

SWIM ACROSS AMERICA, INC.
FINANCIAL STATEMENTS
Years Ended
December 31, 2013 and 2012

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Swim Across America, Inc.
Boston, Massachusetts

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, 2013 and 2012, the related statements of activities and changes in net assets 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.

Auditors' 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 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 the Organization as of December 31, 2013 and 2012 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

July 9, 2014
Providence, Rhode Island

SWIM ACROSS AMERICA, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2013 and 2012

	2013	2012
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 1,122,549	\$ 1,260,320
OTHER ASSETS		
Contributions receivable	30,000	5,000
Inventory	11,000	10,600
Prepaid expenses and other current assets	21,059	20,214
Property and equipment, net	30,727	3,887
	92,786	39,701
TOTAL ASSETS	\$ 1,215,335	\$ 1,300,021
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 16,155	\$ -
Deferred revenue	10,250	14,120
Grants payable	5,755	345,000
TOTAL LIABILITIES	32,160	359,120
NET ASSETS		
Unrestricted net assets	1,094,832	852,558
Permanently restricted net assets	88,343	88,343
	1,183,175	940,901
TOTAL LIABILITIES AND NET ASSETS	\$ 1,215,335	\$ 1,300,021

See accompanying notes to financial statements.

SWIM ACROSS AMERICA, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended December 31, 2013 and 2012

	2013			2012		
	Unrestricted	Permanently Restricted	Total	Unrestricted	Permanently Restricted	Total
SUPPORT AND REVENUE						
Contributions	\$ 6,027,362	-	\$ 6,027,362	\$ 5,120,190	-	\$ 5,120,190
In-kind contributions	12,376	-	12,376	14,380	-	14,380
Investment income, net	2,181	-	2,181	4,955	-	4,955
TOTAL SUPPORT AND REVENUE	6,041,919	-	6,041,919	5,139,525	-	5,139,525
EXPENSES						
Program Services						
Grants - cancer research	4,196,815	-	4,196,815	3,615,900	-	3,615,900
Supporting Services						
Management and general	723,963	-	723,963	653,773	-	653,773
Fundraising	878,867	-	878,867	838,064	-	838,064
TOTAL EXPENSES	1,602,830	-	1,602,830	1,491,837	-	1,491,837
	5,799,645	-	5,799,645	5,107,737	-	5,107,737
CHANGE IN NET ASSETS	242,274	-	242,274	31,788	-	31,788
NET ASSETS, beginning	852,558	88,343	940,901	820,770	88,343	909,113
NET ASSETS, ending	\$ 1,094,832	\$ 88,343	\$ 1,183,175	\$ 852,558	\$ 88,343	\$ 940,901

See accompanying notes to financial statements.

SWIM ACROSS AMERICA, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 242,274	\$ 31,788
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	8,601	1,091
Changes in assets and liabilities:		
Inventory	(400)	4,600
Prepaid expenses and other current assets	(845)	(3,381)
Accounts payable and accrued expenses	16,155	(500)
Deferred revenue	(3,870)	14,120
Grants payable	(339,245)	(190,000)
Total adjustments	<u>(344,604)</u>	<u>(174,070)</u>
NET CASH FROM OPERATING ACTIVITIES	(102,330)	(142,282)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>(35,441)</u>	<u>(2,545)</u>
NET CASH FROM INVESTING ACTIVITIES	(35,441)	(2,545)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(137,771)	(144,827)
CASH AND CASH EQUIVALENTS, beginning	<u>1,260,320</u>	<u>1,405,147</u>
CASH AND CASH EQUIVALENTS, ending	<u><u>\$ 1,122,549</u></u>	<u><u>\$ 1,260,320</u></u>

See accompanying notes to financial statements.

SWIM ACROSS AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2013 and 2012

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, Chicago, Dallas, San Francisco, Greenwich, Long Island Sound, Nantucket, Nassau/Suffolk, Rhode Island, Seattle and Tampa Bay. The funds raised at the annual swims benefited various cancer research and treatment organizations as detailed in Note 7.

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.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Donor contributions of cash and other assets with stipulations that they be used for a specific purpose or for a specific time period are classified as temporarily restricted assets until such time as the purpose restriction is met or the stipulated time restriction ends. Donor contributions and bequests that create endowment funds to provide a permanent source of income are classified as permanently restricted net assets. Income from temporarily and permanently restricted contributions, including realized and unrealized gains and losses, may be utilized for unrestricted or temporarily restricted purposes as established by the donor. The Organization does not have any temporarily restricted net assets.

The Organization records contributions with donor-imposed restrictions that are fulfilled in the same period in which the contribution is received as unrestricted.

SWIM ACROSS AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2013 and 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

As of December 31, 2013 and 2012, cash and cash equivalents consisted of the following:

	<u>2013</u>	<u>2012</u>
Cash	\$ 702,807	\$ 1,260,320
Certificates of deposit	<u>419,742</u>	<u>-</u>
	<u>\$ 1,122,549</u>	<u>\$ 1,260,320</u>

Contributions Receivable

The Organization uses the allowance method to determine uncollectible contributions receivable. The allowance is based on past experience and management's analysis of specific contributions made. As of December 31, 2013 and 2012, management believes that no such allowance is deemed necessary based on its analysis of outstanding contributions receivable.

Inventory

Inventory consists primarily of T-shirts and hats and is stated at the lower of cost or market.

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, 2013 and 2012.

SWIM ACROSS AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2013 and 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions

In-kind contributions are reflected in the accompanying statement of activities and changes in net assets at their estimated fair values at the date of receipt to the extent that they create or enhance nonfinancial assets or require specialized skills which, if not provided by donation, would have to be purchased by the Organization. The in-kind contributions have been reported in the accompanying statements of activities and changes in net assets as in-kind contributions and an offsetting expense classified based upon the nature of the good or service contributed.

Functional Expenses

Direct expenses are charged to program or management and general 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 \$119,855 and \$112,294 for the years ended December 31, 2013 and 2012.

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 are subject to examination by taxing authorities generally for the three years preceding the year ended December 31, 2013.

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.

SWIM ACROSS AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2013 and 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management evaluated the activity of Swim Across America, Inc. through July 9, 2014, the financial statement issue date, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

NOTE 2 - PROPERTY AND EQUIPMENT

As of December 31, 2013 and 2012, property and equipment consisted of the following:

	<u>2013</u>	<u>2012</u>
Office equipment	\$ 12,043	\$ 10,523
Promotional equipment	<u>33,921</u>	<u>-</u>
	45,964	10,523
Less accumulated depreciation	<u>15,237</u>	<u>6,636</u>
	<u>\$ 30,727</u>	<u>\$ 3,887</u>

NOTE 3 - GRANTS PAYABLE

As of December 31, 2013 and 2012, grants payable consisted of the following:

	<u>2013</u>	<u>2012</u>
Ben Towne Foundation	\$ 5,755	\$ -
John Hopkins - The Sidney Kimmel Comprehensive Care Center	-	325,000
MemorialCare Todd Cancer Institute	<u>-</u>	<u>20,000</u>
	<u>\$ 5,755</u>	<u>\$ 345,000</u>

SWIM ACROSS AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2013 and 2012

NOTE 4 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets relate to contributions received for the development of an endowment, the principal of which must remain intact in perpetuity and is currently maintained in cash and cash equivalents. Earnings on these net assets are recorded as unrestricted.

NOTE 5 - DEFINED CONTRIBUTION PLAN

The Organization maintains an employee retirement 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 had no contributions to the plan for the years ended December 31, 2013 and 2012.

NOTE 6 - AGENCY DONATIONS

In connection with the Organization's annual swim events, donations totaling approximately \$8,500 and \$31,000 for 2013 and 2012 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 - GRANTS – CANCER RESEARCH

During the years ended December 31, 2013 and 2012, the Organization made grants to the following beneficiaries:

<u>Beneficiary</u>	<u>2013</u>	<u>2012</u>
Feinstein Institute for Medical Research	\$ 60,000	\$ 86,750
United Hospice of Rockland	6,500	10,000
Women and Infants	105,000	50,000
Baylor Cancer Center	280,000	220,000
Seattle Cancer Care Alliance	226,000	180,000
John Hopkins - The Sidney Kimmel Comprehensive Care Center	315,000	325,000
Children's Hospital of New York – Columbia Presbyterian	90,000	114,000
Children's Hospital of Oakland Research Institute	190,000	131,250
Cold Spring Harbor Laboratory	70,000	100,000
Fighting Chance	70,000	100,000
Alliance for Cancer Gene Therapy	460,000	382,000
University of California San Francisco's Children's Hospital Survivorship Clinic	190,000	131,250

SWIM ACROSS AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2013 and 2012

NOTE 7 - GRANTS – CANCER RESEARCH (Continued)

<u>Beneficiary</u>	<u>2013</u>	<u>2012</u>
Children’s Hospital at Montefiore Medical Center	125,000	126,750
Cancer Support Team of Westchester	350,000	405,000
Dana Farber Cancer Institute	150,000	231,500
Memorial Sloan-Kettering Cancer Center	503,500	616,500
Mercy Medical Center	15,000	25,500
Glen Cove Cares	3,000	2,000
Ben Towne Foundation	5,755	3,400
Palliative & Supportive Care of Nantucket	70,000	5,000
Nantucket Cottage Hospital	70,000	5,000
Rush University Cancer Center	325,000	215,000
Children’s Brain Cancer Foundation	2,000	2,000
Moffitt Cancer Center	150,000	100,000
Saint Barnabas Medical Center Foundation	8,000	-
North Carolina Agricultural Foundation	12,000	-
Massachusetts General Hospital	150,000	-
Children’s Healthcare of Atlanta	195,060	-
Vanderbilt University Medical Center	-	28,000
MemorialCare Todd Cancer Institute	-	20,000
	<u>\$ 4,196,815</u>	<u>\$ 3,615,900</u>

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, 2013.

The Organization has not experienced any losses on such accounts and monitors the credit-worthiness of the financial institutions with which it conducts business. Management believes that the Organization is not exposed to any significant credit risk with respect to its cash and cash equivalents balances.

SUPPLEMENTARY INFORMATION

SWIM ACROSS AMERICA, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended December 31, 2013

	Grants - Cancer Research	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ -	\$ 391,705	\$ -	\$ 391,705
Payroll taxes	-	28,197	-	28,197
Employee benefits	-	16,929	-	16,929
	-	436,831	-	436,831
Grants - cancer research	4,196,815	-	-	4,196,815
Advertising and promotional	-	76,281	43,574	119,855
Auto, boat and rental	-	-	46,963	46,963
Bank and credit card charges	-	4,791	214,400	219,191
Banners and balloons	-	-	11,214	11,214
Database and website	-	26,536	-	26,536
Insurance	-	22,972	-	22,972
Office supplies	-	9,448	25,462	34,910
Outside services	-	1,370	156,366	157,736
Postage	-	15,183	31,386	46,569
Printing	-	3,776	45,160	48,936
Professional fees	-	35,278	-	35,278
Reception expenses	-	-	113,104	113,104
Registration fees	-	890	22,019	22,909
Rent-in-kind	-	12,376	-	12,376
Rent	-	11,624	-	11,624
Telephone	-	2,270	580	2,850
Travel and entertainment	-	54,808	15,845	70,653
Trophies and gifts	-	928	86,578	87,506
T-shirts and hats	-	-	66,216	66,216
Depreciation	-	8,601	-	8,601
Total expenses	<u>\$ 4,196,815</u>	<u>\$ 723,963</u>	<u>\$ 878,867</u>	<u>\$ 5,799,645</u>

See independent auditors' report.

SWIM ACROSS AMERICA, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended December 31, 2012

	Grants - Cancer Research	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ -	\$ 357,000	\$ -	\$ 357,000
Payroll taxes	-	26,008	-	26,008
Employee benefits	-	11,848	-	11,848
	-	394,856	-	394,856
Grants - cancer research	3,615,900	-	-	3,615,900
Advertising and promotional	-	44,900	67,394	112,294
Auto, boat and rental	-	-	38,364	38,364
Bank and credit card charges	-	4,900	178,678	183,578
Banners and balloons	-	-	11,574	11,574
Database and website	-	5,345	-	5,345
Insurance	-	20,589	-	20,589
Office supplies	-	3,282	22,320	25,602
Outside services	-	1,196	185,368	186,564
Postage	-	16,442	17,572	34,014
Printing	-	9,208	41,391	50,599
Professional fees	-	22,656	-	22,656
Reception expenses	-	-	115,906	115,906
Registration fees	-	996	20,197	21,193
Rent-in-kind	-	14,380	-	14,380
Rent	-	9,620	-	9,620
Telephone	-	2,527	1,933	4,460
Travel and entertainment	-	101,686	21,028	122,714
Trophies and gifts	-	99	47,960	48,059
T-shirts and hats	-	-	68,379	68,379
Depreciation	-	1,091	-	1,091
Total expenses	<u>\$ 3,615,900</u>	<u>\$ 653,773</u>	<u>\$ 838,064</u>	<u>\$ 5,107,737</u>

See independent auditors' report.