

SWIM ACROSS AMERICA, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

December 31, 2016 and 2015



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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, 2016 and 2015, 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.

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 on the previous page present fairly, in all material respects, the financial position of the Organization as of December 31, 2016 and 2015 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

August 1, 2017, except for the supplementary information, as to which the date is November 3, 2017

SWIM ACROSS AMERICA, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

	2016	2015
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 1,284,355	\$ 1,432,020
OTHER ASSETS		
Contributions receivable	30,711	49,000
Inventory	15,500	12,692
Prepaid expenses and other current assets	7,241	12,440
Property and equipment, net	60,959	55,310
	114,411	129,442
TOTAL ASSETS	\$ 1,398,766	\$ 1,561,462
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 46,153	\$ 6,941
Grants payable	487,500	665,000
TOTAL LIABILITIES	533,653	671,941
NET ASSETS		
Unrestricted net assets	865,113	889,521
TOTAL LIABILITIES AND NET ASSETS	\$ 1,398,766	\$ 1,561,462

See accompanying notes to financial statements.

SWIM ACROSS AMERICA, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2016 and 2015

	2016			2015		
	Unrestricted	Permanently Restricted	Total	Unrestricted	Permanently Restricted	Total
SUPPORT AND REVENUE						
Contributions	\$ 6,516,265	\$ -	\$ 6,516,265	\$ 6,378,768	\$ -	\$ 6,378,768
In-kind contributions	-	-	-	15,000	-	15,000
Investment and other income, net	2,821	-	2,821	1,407	-	1,407
TOTAL SUPPORT AND REVENUE	6,519,086	-	6,519,086	6,395,175	-	6,395,175
EXPENSES						
Program Services	5,545,654	-	5,545,654	5,695,067	-	5,695,067
Supporting Services						
Management and general	418,777	-	418,777	393,680	-	393,680
Fundraising	579,063	-	579,063	658,813	-	658,813
	997,840	-	997,840	1,052,493	-	1,052,493
TOTAL EXPENSES	6,543,494	-	6,543,494	6,747,560	-	6,747,560
CHANGE IN NET ASSETS	(24,408)	-	(24,408)	(352,385)	-	(352,385)
NET ASSETS, beginning	889,521	-	889,521	1,153,563	88,343	1,241,906
RECLASSIFICATION	-	-	-	88,343	(88,343)	-
NET ASSETS, ending, as restated	\$ 865,113	\$ -	\$ 865,113	\$ 889,521	\$ -	\$ 889,521

See accompanying notes to financial statements.

SWIM ACROSS AMERICA, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (24,408)	\$ (352,385)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	31,330	23,358
Changes in assets and liabilities:		
Contributions receivable	18,289	36,000
Inventory	(2,808)	468
Prepaid expenses and other current assets	5,199	(5,758)
Accounts payable and accrued expenses	28,412	(679)
Grants payable	(177,500)	585,000
	<u>(97,078)</u>	<u>638,389</u>
NET CASH FROM OPERATING ACTIVITIES	(121,486)	286,004
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>(26,179)</u>	<u>(48,916)</u>
NET CASH FROM INVESTING ACTIVITIES	<u>(26,179)</u>	<u>(48,916)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(147,665)	237,088
CASH AND CASH EQUIVALENTS, beginning	<u>1,432,020</u>	<u>1,194,932</u>
CASH AND CASH EQUIVALENTS, ending	<u><u>\$ 1,284,355</u></u>	<u><u>\$ 1,432,020</u></u>

See accompanying notes to financial statements.

SWIM ACROSS AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015

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, 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 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.

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, 2016 and 2015, cash and cash equivalents consisted of the following:

	<u>2016</u>	<u>2015</u>
Cash	\$ 1,268,244	\$ 1,147,807
Certificates of deposit	<u>20,111</u>	<u>284,213</u>
	<u>\$ 1,284,355</u>	<u>\$ 1,432,020</u>

SWIM ACROSS AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2016 and 2015, 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, 2016 and 2015.

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 our 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. The Organization has no temporarily restricted net assets at December 31, 2016 and 2015.

SWIM ACROSS AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

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. As further discussed in Note 4, the Organization had no permanently restricted net assets at December 31, 2016 and 2015.

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, 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 \$150,696 and \$383,889 for the years ended December 31, 2016 and 2015.

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, 2016.

SWIM ACROSS AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events and Dual Dated Auditor's Report

Management evaluated the activity of the Organization through August 1, 2017, the date of the independent auditor's report. Following the issuance of the financial statements, management identified an error in functional allocation on the supplementary information. Management has corrected such error and the auditor's report has been dual-dated for the change in the supplementary information. Management has not evaluated the activity of the Organization subsequent to August 1, 2017.

NOTE 2 - PROPERTY AND EQUIPMENT

As of December 31, 2016 and 2015, property and equipment consisted of the following:

	<u>2016</u>	<u>2015</u>
Office equipment	\$ 17,523	\$ 15,969
Promotional equipment	93,322	93,322
Mobile application software	<u>35,425</u>	<u>-</u>
	146,270	109,291
Less accumulated depreciation	<u>85,311</u>	<u>53,981</u>
	<u>\$ 60,959</u>	<u>\$ 55,310</u>

NOTE 3 - GRANTS PAYABLE

As of December 31, 2016 and 2015, grants payable consisted of the following:

	<u>2016</u>	<u>2015</u>
Johns Hopkins - The Sidney Kimmel Comprehensive Care Center	\$ 450,000	\$ 460,000
Siteman Cancer Center	37,500	-
Seattle Cancer Care Alliance	<u>-</u>	<u>205,000</u>
	<u>\$ 487,500</u>	<u>\$ 665,000</u>

SWIM ACROSS AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015

NOTE 4 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets related to contributions received for a specific event which occurred in 2009. In 2016, the Organization reviewed the original restriction of such funds and identified that the funds were not actually permanently restricted and were misclassified in the financial statements of the Organization. The funds were originally intended to be used for cancer research grants and general operations. As such, the Organization has reclassified the permanently restricted net assets to unrestricted retrospectively on the accompanying statements of activities.

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 \$14,009 to the Plan for the year ended December 31, 2016 and had no contributions to the plan for the year ended December 31, 2015.

NOTE 6 - AGENCY DONATIONS

In connection with the Organization's annual swim events, donations totaling \$12,000 and \$19,550 for 2016 and 2015 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, 2016 and 2015, the Organization made grants to the following beneficiaries:

<u>Beneficiary</u>	<u>2016</u>	<u>2015</u>
Feinstein Institute for Medical Research	\$ 65,000	\$ 75,000
United Hospice of Rockland	5,700	8,000
Women and Infants	100,000	140,000
Baylor Cancer Center	210,000	370,000
Seattle Cancer Care Alliance	425,000	205,000
Johns Hopkins - The Sidney Kimmel Comprehensive Care Center	450,000	460,000
Children's Hospital of Oakland Research Institute	275,000	225,000
Cold Spring Harbor Laboratory	70,000	90,000
Fighting Chance	40,000	89,000
Alliance for Cancer Gene Therapy	355,000	330,000
University of California San Francisco's Children's Hospital Survivorship Clinic	275,000	225,000

SWIM ACROSS AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015

NOTE 7 - GRANTS – CANCER RESEARCH (Continued)

<u>Beneficiary</u>	<u>2016</u>	<u>2015</u>
Children’s Hospital at Montefiore Medical Center	-	158,000
MD Anderson Cancer Center	160,000	-
Cancer Support Team of Westchester	335,000	360,000
Dana Farber Cancer Institute	110,000	140,000
Memorial Sloan-Kettering Cancer Center	425,000	433,000
Glen Cove Cares	3,000	3,000
Ben Towne Foundation	-	10,500
Palliative & Supportive Care of Nantucket	70,000	75,000
Nantucket Cottage Hospital	180,000	305,000
Rush University Cancer Center	225,711	300,000
Moffitt Cancer Center	182,711	173,211
Saint Barnabas Medical Center Foundation	-	4,500
North Carolina Agricultural Foundation	-	5,600
Massachusetts General Hospital	110,000	120,000
Children’s Healthcare of Atlanta	310,000	141,500
Children’s Hospital of New York – Columbia Presbyterian	150,300	-
Siteman Cancer Center	37,500	-
Children’s Brain Cancer Foundation	-	2,000
Emory Prostate Cancer Center	-	100,000
St. Jude’s Hospital	-	50,000
City of Hope	-	33,000
Mount Nittany Health Cancer Program	-	4,000
	<u>\$ 4,569,922</u>	<u>\$ 4,635,311</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, 2016.

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.

SWIM ACROSS AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015

NOTE 9 - RESTATEMENT

Unrestricted net assets as of December 31, 2015 has been restated to reflect a prior period adjustment resulting from the correction of an error for the overstatement of grants – cancer research and grants payable of \$15,000.

SUPPLEMENTARY INFORMATION

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	\$ 317,809	\$ 52,968	\$ 158,904	\$ 529,681
Payroll taxes	21,872	3,645	10,936	36,453
Employee benefits	34,247	5,708	17,124	57,079
	<u>373,928</u>	<u>62,321</u>	<u>186,964</u>	<u>623,213</u>
Grants - cancer research	4,569,922	-	-	4,569,922
Auto, boat, and rental	33,466	-	22,311	55,777
Bank and credit card charges	-	242,167	-	242,167
Database and website	-	3,116	-	3,116
Education and promotion	90,418	15,070	45,208	150,696
Event specific expenses	100,897	-	67,265	168,162
Insurance	16,566	2,761	8,283	27,610
Outside services	192,998	1,556	128,666	323,220
Professional fees	-	41,787	-	41,787
Reception expenses	63,925	-	42,617	106,542
Registration fees	17,360	863	11,574	29,797
Rent	-	20,222	-	20,222
Supplies	30,570	5,095	15,285	50,950
Telephone	-	6,844	-	6,844
Travel and entertainment	41,463	9,214	41,462	92,139
Depreciation	14,141	7,761	9,428	31,330
	<u>373,928</u>	<u>62,321</u>	<u>186,964</u>	<u>623,213</u>
Total expenses	<u>\$ 5,545,654</u>	<u>\$ 418,777</u>	<u>\$ 579,063</u>	<u>\$ 6,543,494</u>

See independent auditor's report.

SWIM ACROSS AMERICA, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended December 31, 2015

	<u>Program</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 309,075	\$ 51,513	\$ 154,537	\$ 515,125
Payroll taxes	20,358	3,393	10,179	33,930
Employee benefits	12,946	2,158	6,472	21,576
	<u>342,379</u>	<u>57,064</u>	<u>171,188</u>	<u>570,631</u>
Grants - cancer research	4,635,311	-	-	4,635,311
Auto, boat, and rental	31,607	-	21,072	52,679
Bank and credit card charges	-	231,053	-	231,053
Database and website	-	6,262	-	6,262
Education and promotion	230,333	38,389	115,167	383,889
Event specific expenses	116,504	-	77,669	194,173
Insurance	13,595	2,266	6,797	22,658
Outside services	124,100	1,463	82,733	208,296
Professional fees	-	26,611	-	26,611
Reception expenses	61,883	-	41,256	103,139
Registration fees	11,670	725	7,780	20,175
Rent-in-kind	-	16,211	-	16,211
Rent	-	9,000	-	9,000
Supplies	24,612	-	16,408	41,020
Telephone	-	2,979	-	2,979
Travel and entertainment	90,052	-	110,063	200,115
Depreciation	13,021	1,657	8,680	23,358
	<u>342,379</u>	<u>57,064</u>	<u>171,188</u>	<u>570,631</u>
Total expenses	<u>\$ 5,695,067</u>	<u>\$ 393,680</u>	<u>\$ 658,813</u>	<u>\$ 6,747,560</u>

See independent auditor's report.