

THE RUTLEDGE FOUNDATION

Financial Statements &
Accountant's Review Report
Year Ended December 31, 2017

Wood, Stephens & O'Neil, L.L.P.
Certified Public Accountants

February 27, 2018

Independent Accountant's Review Report

To the Management and Board of Directors
The Rutledge Foundation

We have reviewed the accompanying financial statements of The Rutledge Foundation, which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatements whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Wood, Stephens & O'Neil, L.L.P.

**THE RUTLEDGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017**

ASSETS:

Cash and cash equivalents	\$ 398,398
Contributions and grants receivable	4,394
Inventory - Carley's Closet program supplies	1,168
Prepaid assets and deposits	400
Property and equipment, net	-
TOTAL ASSETS	<u><u>\$ 404,360</u></u>

LIABILITIES:

Accounts payable and accrued liabilities	<u>5,557</u>
TOTAL LIABILITIES	<u><u>5,557</u></u>

NET ASSETS:

Unrestricted	182,981
Temporarily restricted	215,822
Permanently restricted	-
TOTAL NET ASSETS	<u><u>398,803</u></u>

TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 404,360</u></u>
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See the accountant's review report.

**THE RUTLEDGE FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

Changes in unrestricted net assets:

Revenues:

Contributions and grants	\$ 321,621
Fundraising events, net of direct expenses of \$53,090	112,877
Interest and miscellaneous income	2,026
Net assets released from restrictions	26,619
Total unrestricted revenues	<u>463,143</u>

Expenses:

Program services	475,082
Management and general	9,207
Fundraising	10,857
Total expenses	<u>495,146</u>

<u>Increase (decrease) in unrestricted net assets</u>	<u>(32,003)</u>
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Changes in temporarily restricted net assets:

Contributions and grants - temporarily restricted	37,602
Fundraising events, net of direct expenses of \$35,378	115,808
Net assets released from restrictions	(26,619)

<u>Increase (decrease) in temporarily restricted net assets</u>	<u>126,791</u>
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Changes in permanently restricted net assets:

<u>Increase (decrease) in permanently restricted net assets</u>	<u>-</u>
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INCREASE (DECREASE) IN NET ASSETS	94,788
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NET ASSETS, at beginning of year	304,015
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NET ASSETS, at end of year	<u>\$ 398,803</u>
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**THE RUTLEDGE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and payroll taxes	\$ 50,730	\$ 2,984	\$ 5,968	\$ 59,682
Bank charges and credit card fees	1,153	144	144	1,441
Carley's Closet expenses	22,955	-	-	22,955
Grants funded for research and development	360,380	-	-	360,380
Insurance	-	996	-	996
Marketing and promotional expenses	17,204	-	1,912	19,116
Miscellaneous expenses	1,073	134	134	1,341
Office supplies and expenses	1,205	151	151	1,507
Postage and delivery	637	80	80	797
Printing and copying	115	14	14	143
Professional fees	-	2,250	-	2,250
Rent and occupancy expenses	9,045	1,131	1,131	11,307
Software and subscriptions expense	9,955	1,244	1,244	12,443
Travel, conferences and meetings	630	79	79	788
TOTALS	<u>\$ 475,082</u>	<u>\$ 9,207</u>	<u>\$ 10,857</u>	<u>\$ 495,146</u>
	95.95%	1.86%	2.19%	100.00%

See the accountant's review report.

**THE RUTLEDGE FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 94,788
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	-
(Increase) decrease in contributions receivable	(4,394)
(Increase) decrease in inventory	1,824
(Increase) decrease in prepaids and deposits	-
Increase (decrease) in payables and accrued liabilities	(4,830)
Net Cash Provided By (Used For) Operating Activities	<u>87,388</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditures	<u>-</u>
Net Cash Provided By (Used For) Investing Activities	<u>-</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Net Cash Provided By (Used For) Financing Activities	<u>-</u>
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Net increase (decrease) in cash 87,388

Cash and cash equivalents at beginning of year 311,010

Cash and cash equivalents at end of year \$ 398,398

SUPPLEMENTAL DISCLOSURES

None applicable -

THE RUTLEDGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2017

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Rutledge Foundation (the Foundation), is a Texas not-for-profit organization formed in 2011. The Foundation was formed after Carley Rutledge was diagnosed with bone cancer at age 15. When family and friends learned the tragic reality that teen and young adult cancer has had no change in treatment or cure rates in over 30 years, they decided to be part of the solution. The Foundation's mission is to support life-saving sarcoma research, meet teen/young adult needs and improve early detection and awareness. The Foundation's goal is to bring cutting edge therapies to patients and fund research and development for new immune-based and targeted therapies for sarcoma cancers. The Foundation is supported primarily by private grants and contributions from individuals and other community organizations.

General

The Foundation's financial statements have been prepared on the accrual basis of accounting. The significant accounting and reporting policies used by the Foundation are described below to enhance the usefulness and understandability of the financial statements.

Financial Statement Presentation

The Foundation, in accordance with not-for-profit accounting standards, reports 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. These classes of net assets are based upon the existence or absence of restrictions on use that are placed by its donors. In addition, the Foundation is required to present a statement of cash flows.

Management Estimates and Assumptions

Management uses estimates and assumptions in preparing statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, the Foundation's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Foundation's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Property and Equipment

Property and equipment is recorded at cost. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which range from 3 to 10 years. The Foundation follows the practice of capitalizing all expenditures for property and equipment in excess of \$500.

Donated Supplies, Equipment and Services

The Foundation records the value of donated supplies and equipment when there is an objective basis available to measure their value. Any donated supplies and equipment received by the Foundation is reflected as contributions in the financial statements at their

estimated values at the date of receipt. No amounts have been reflected in the accompanying statements for donated services since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time in support of the Foundation's charitable programs during the year.

Contributions and Recognition of Donor-Imposed Restrictions

Contributions, including unconditional promises to give, are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Contributions and Grants Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected within one year are recorded at net realizable value. When deemed necessary, the Foundation uses an allowance method to determine the uncollectible portion, based on prior years' experience and management's analysis of the promises made. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. Fair value is measured as the present value of the discounted future cash flows. The discounts on these contributions are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation would be subject to tax on income unrelated to its exempt purposes.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all unrestricted short-term, highly liquid investments with original maturities of three months or less to be cash equivalents.

Fair Value of Financial Instruments

At December 31, 2017, the Foundation's financial instruments consisted of cash and cash equivalents. The Foundation's cash and cash equivalents consist of a money market account. Unless otherwise indicated, the fair values of these financial instruments approximate their recorded values.

Concentrations of Credit Risk

Financial instruments which potentially subject the Foundation to concentration of credit risk consist principally of cash investments. The Foundation places its cash investments with

high quality financial institutions and limits the amount of credit exposure to any one institution.

Subsequent Events

Management has evaluated subsequent events through February 27, 2018, the date the financial statements were available to be issued. Events occurring after this date have not been evaluated to determine whether a change in the financial statements would be required.

NOTE B - LEASE COMMITMENTS

The Foundation is obligated under an office lease agreement which expires in July, 2019. The approximate future minimum lease payments under this operating lease agreement at December 31, 2017 are as follows: 2018 - \$9,800, and 2019 - \$5,700.

NOTE C - RESTRICTED NET ASSETS

At December 31, 2017, there were \$215,822 of temporarily restricted net assets held by the Foundation that will be expended in the current year. At December 31, 2017, there were no permanently restricted net assets held by the Foundation.