

CROSSING THE FINISH LINE, INC.

Financial Statements,
Independent Auditors' Report and
Supplemental Schedules

June 30, 2007 and 2006

CROSSING THE FINISH LINE, INC.

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Independent Auditors' Report

To the Board of Directors of
Crossing the Finish Line, Inc.
Blue Bell, PA

We have audited the accompanying statements of financial position of Crossing the Finish Line, Inc. ("CFL") as of June 30, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of CFL's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from CFL's 2006 financial statements and, in our report dated January 3, 2007, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of CFL as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules shown on pages 10 – 12 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Smart and Associates, LLP

February 6, 2008

SMART and Associates, LLP
Certified Public Accountants
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CROSSING THE FINISH LINE, INC.

Statements of Financial Position

June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents	\$ 102,031	\$ 41,047
Pledges receivable, net	10,000	-
Investments	6,348	-
Other current assets	<u>9,025</u>	<u>1,000</u>
Total current assets	127,404	42,047
Property and equipment, net	<u>123,166</u>	<u>127,015</u>
Total assets	<u><u>\$ 250,570</u></u>	<u><u>\$ 169,062</u></u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 14,536	\$ 59,758
Other payables	<u>143</u>	<u>304</u>
Total liabilities	<u>14,679</u>	<u>60,062</u>
Net assets:		
Unrestricted net assets:		
Undesignated	180,891	99,000
Board designated	<u>40,000</u>	<u>-</u>
Total unrestricted net assets	220,891	99,000
Temporarily restricted net assets	<u>15,000</u>	<u>10,000</u>
Total net assets	<u>235,891</u>	<u>109,000</u>
Total liabilities and net assets	<u><u>\$ 250,570</u></u>	<u><u>\$ 169,062</u></u>

The accompanying notes are an integral part of these financial statements.

CROSSING THE FINISH LINE, INC.

Statement of Activities

For the year ended June 30, 2007

(With summarized information for the year ended June 30, 2006)

	2007		2006
	Unrestricted	Temporarily Restricted	Comparative Total
Support and revenue:			
Contributions:			
Contributions	\$ 192,741	\$ 5,000	\$ 70,097
Contributions in-kind	167,334	-	121,791
Total contributions	<u>360,075</u>	<u>5,000</u>	<u>191,888</u>
Special events revenue:			
Special events	393,743	-	302,539
Special events in-kind	83,472	-	67,361
	<u>477,215</u>	<u>-</u>	<u>369,900</u>
Special events direct costs	<u>(218,576)</u>	<u>-</u>	<u>(215,435)</u>
Net special events income	<u>258,639</u>	<u>-</u>	<u>154,465</u>
Other revenue:			
Investment income	2,192	-	1,565
Miscellaneous income	-	-	10
Total other revenue	<u>2,192</u>	<u>-</u>	<u>1,575</u>
Total support and revenue	<u>620,906</u>	<u>5,000</u>	<u>347,928</u>
Expenses:			
Program services	413,445	-	336,726
Support services:			
General and administrative	39,802	-	27,910
Fundraising	45,768	-	53,882
Total expenses	<u>499,015</u>	<u>-</u>	<u>418,518</u>
Change in net assets	121,891	5,000	(70,590)
Net assets at beginning of year	<u>99,000</u>	<u>10,000</u>	<u>179,590</u>
Net assets at end of year	<u>\$ 220,891</u>	<u>\$ 15,000</u>	<u>\$ 109,000</u>

The accompanying notes are an integral part of these financial statements

CROSSING THE FINISH LINE, INC.
Statements of Cash Flows
For the years ended June 30, 2007 and 2006

	2007	2006
Cash flows from operating activities:		
Change in net assets	\$ 126,891	\$ (70,590)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	6,143	6,358
Provision for doubtful accounts	5,000	-
Realized gain on investments	-	(16)
Contributed investments	(6,348)	-
Increase in:		
Pledges receivable	(15,000)	-
Other current assets	(8,025)	-
(Decrease) increase in:		
Accounts payable	(45,222)	52,721
Other payables	(161)	(96)
Net cash provided by (used in) operating activities	63,278	(11,623)
Cash flows from investing activities:		
Sales proceeds of investment	-	4,370
Purchase of property and equipment	(2,294)	(4,156)
Net cash (used in) provided by investing activities	(2,294)	214
Net increase (decrease) in cash and cash equivalents	60,984	(11,409)
Cash and cash equivalents at beginning of year	41,047	52,456
Cash and cash equivalents at end of year	\$ 102,031	\$ 41,047

The accompanying notes are an integral part of these financial statements.

CROSSING THE FINISH LINE, INC.

Notes to Financial Statements

June 30, 2007 and 2006

1. Nature of Operations and Summary of Significant Accounting Policies:

This summary of significant accounting policies of Crossing the Finish Line, Inc. ("CFL") is presented to assist in the understanding of CFL's financial statements. The financial statements and notes are representations of CFL's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America ("GAAP") and have been consistently applied in the preparation of the financial statements.

Nature of Operations:

CFL was formed under the laws of Pennsylvania in 1999 and is a tax-exempt organization as defined by Sections 501(c)(3) and 509(a)(1) of the Internal Revenue Code ("IRC") that is publicly supported and, therefore, not a private foundation. In 2007, CFL was the 34th nonprofit organization in Pennsylvania to be awarded the Seal of Excellence for successfully completing the Pennsylvania Association of Nonprofit Organizations ("PANO") *Standards for Excellence* program. *Standards for Excellence* are based on fundamental values such as honesty, integrity, fairness, respect, trust, responsibility, and accountability.

CFL was created for the purpose of providing respite and relief to struggling young adult cancer patients, thereby alleviating the burdens of the sick and distressed and providing the patient and family with the means necessary to embrace this devastating diagnosis and address the psychological, emotional and spiritual trauma associated with cancer. Eligible candidates ("Sailors"), from Pennsylvania, New Jersey and Delaware receive an expense-paid respite excursion to select destinations, accompanied with a generous stipend and supplementary materials such as journals, inspirational writings, robes and other amenities to complement the retreat experience. Sailors and their families receive ancillary services or "Port Support" upon the return home and as the journey with cancer continues.

A total of 131 and 89 families were served during years ended June 30, 2007 and 2006, respectively, and the number of family members (including sailors) totaled 399 and 303, respectively. In the years ended June 30, 2007 and 2006, CFL received 106 and 62 sailor nominations and provided a respite excursion to 71 and 49 sailors and their families, respectively. Sailors traveled to CFL's home near Orlando, Florida and to other respite destinations along the California, New Jersey, North Carolina and Florida coasts. CFL continued to provide Port Support to all sailors and their families to help them through the crisis of cancer. CFL is supported primarily from proceeds of five special events, organized and executed by volunteer committees, and general public support, both corporate and individual.

Evaluation of the program is assessed in part from statistics derived from the sailors' evaluation and impact study, and the overall rating since inception is 3.93 on a scale of one to four. One hundred percent of all nominating professionals recognize post-respite an improvement in the sailor's and sailor's family/caregiver ability to cope with cancer. CFL has established relationships with over 50 cancer centers in the tri-state area. A detailed list of sailor and center demographics is available on the organization's website.

CFL posts all evaluation questions and scores, Internal Revenue Service Form 990, and audited financial statements on www.crossingthefinishline.org for complete transparency of its operations.

CROSSING THE FINISH LINE, INC.
Notes to Financial Statements, continued
June 30, 2007 and 2006

1. Nature of Operations and Summary of Significant Accounting Policies, continued:

Use of Estimates in Preparing Financial Statements:

Management uses estimates and assumptions in preparing the financial statements in accordance with GAAP. 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. Actual results could vary from those estimates.

Basis of Presentation:

The financial statement presentation follows Financial Accounting Standards Board Statement of Financial Accounting Standards ("SFAS") No. 117, *Financial Statements of Not-for-Profit Organizations*. CFL reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets (including board designated), temporarily restricted net assets, and permanently restricted net assets. As of June 30, 2007 and 2006, CFL had \$15,000 of net assets temporarily restricted by donors for capital improvements to be made to CFL's residence located in Davenport, Florida. As of June 30, 2007 and 2006, there were no permanently restricted net assets.

Prior Year Summarized Comparative Information:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with CFL's financial statements for the year ended June 30, 2006, from which the summarized information was derived.

Cash and Cash Equivalents:

CFL considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Pledges Receivable:

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Conditional promises to give are not included as support until the conditions are substantially met.

Investments:

Investments in equity securities are carried at fair value with gains and losses reported as unrestricted in the statements of activities. Fair value is based on quoted prices for securities traded on public exchanges. Investments acquired by gift or bequest are initially recorded at market or appraised value at the date so acquired. As of June 30, 2007, investments were comprised of common stock.

CROSSING THE FINISH LINE, INC.
Notes to Financial Statements, continued
June 30, 2007 and 2006

1. Nature of Operations and Summary of Significant Accounting Policies, continued:

Property and Equipment:

Property and equipment are stated at cost or at fair value on the date of the gift, if donated. Major additions and betterments are charged to the asset accounts while maintenance and repairs, which do not improve or extend the lives of the assets, are expensed. Property and equipment are depreciated using the straight-line method over their estimated useful lives, from 3 to 27.5 years, with a half of year's depreciation recognized in the years of acquisition and disposal. Depreciation expense is allocated among program services and supporting activities expense.

Contributions and Expenses:

CFL accounts for contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions are recognized when cash is received, unconditional promises are made, or ownership of other assets is transferred to CFL. This support is recorded as increases in unrestricted, temporarily restricted or permanently restricted net assets, depending on the existence or nature of any donor restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, CFL reports the support as unrestricted.

Expenses are reported when costs are incurred.

Donated Services:

CFL recognizes donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

A substantial number of unpaid volunteers have made significant contributions of their time to CFL's program functions and special event activities. During the years ended June 30, 2007 and 2006, respectively, CFL received approximately 825 and 965 donated program service hours. CFL received 5,711 special event activity volunteer hours for the year ended June 30, 2007. The cost of these hours is not recorded in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

Functional Allocation of Expenses:

The costs of providing the various programs and other activities of CFL have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of CFL.

Income Taxes:

CFL is exempt from Federal taxation as a charitable organization under IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the financial statements.

CROSSING THE FINISH LINE, INC.
Notes to Financial Statements, continued
June 30, 2007 and 2006

2. Property and Equipment:

Property and equipment consisted of the following as of June 30, 2007 and 2006:

	2007	2006
Computer software	\$ 15,913	\$ 15,913
Computer equipment	6,697	6,697
Office equipment	2,294	-
Residence - Davenport, Florida	129,622	129,622
Land - Davenport, Florida	14,402	14,402
	168,928	166,634
Accumulated depreciation	(45,762)	(39,619)
Property and equipment, net	\$ 123,166	\$ 127,015

Depreciation expense was \$6,143 and \$6,358 for the years ended June 30, 2007 and 2006, respectively.

3. Line of Credit:

CFL has a revolving line of credit available in the amount of \$25,000 bearing an interest rate of the current prime lending rate plus two points (8.25% at June 30, 2007). As of June 30, 2007, there was no outstanding balance on the line of credit. The line of credit expires in November 2007 and management is renegotiating the contract.

4. Contributions and Expenses In-Kind:

Donated facilities, services and materials have been reflected in the financial statements at market value as both a contribution and corresponding expense and consisted of the following for the years ended June 30, 2007 and 2006, respectively:

	2007	2006
Accommodations	\$ 56,300	\$ 34,333
Computer processing and website design	4,800	5,550
Legal services	-	3,500
Office supplies	51	50
Printing and reproduction	4,000	4,000
Rent expense	19,992	20,000
Retreat amenities and supplies	82,191	54,358
Special events	83,472	67,361
Total contributions and expenses in-kind	\$ 250,806	\$ 189,152

CROSSING THE FINISH LINE, INC.
Notes to Financial Statements, continued
June 30, 2007 and 2006

5. Related Parties:

Board members provided contributions of cash totaling \$42,900 for special events and \$21,240 for the annual appeal to CFL during the year ended June 30, 2007.

6. Board Designated Unrestricted Net Assets:

The Board of Directors has designated \$40,000 as of June 30, 2007 for future capital and operational needs.

SUPPLEMENTAL SCHEDULES

CROSSING THE FINISH LINE, INC.
Schedules of Functional Expenses
For the year ended June 30, 2007

	Program		General and Administrative		Fundraising		Total
	Ordinary	In-Kind	Ordinary	In-Kind	Ordinary	In-Kind	
Accommodations	\$ 111	\$ 56,300	\$ -	\$ -	\$ -	\$ -	\$ 56,411
Airline travel	24,544	-	-	-	-	-	24,544
Bank service charges	3,919	-	1,288	-	392	-	5,599
Car rental	10,886	-	-	-	-	-	10,886
Computer equipment and software	2,208	-	211	-	605	-	3,024
Conference and training	703	-	50	-	854	-	1,607
Depreciation	4,714	-	1,429	-	-	-	6,143
Dues and subscriptions	315	-	306	-	306	-	927
Employee benefits	15,383	-	2,324	-	4,215	-	21,922
Employment taxes	7,721	-	681	-	2,115	-	10,517
Facility repairs and maintenance	5,783	4,830	129	-	-	-	10,742
Insurance	2,435	-	234	-	667	-	3,336
Limousine travel	-	4,840	-	-	-	-	4,840
Miscellaneous	10,159	-	3,940	-	-	-	14,099
Patient stipend	39,600	-	-	-	-	-	39,600
Port support	1,131	-	-	-	-	-	1,131
Postage and delivery	5,009	-	805	-	2,487	-	8,301
Professional fees	1,875	-	6,940	-	1,875	-	10,690
Printing and reproduction	15,940	-	1,237	4,000	1,594	-	22,771
Rent expense	-	14,594	-	1,400	-	3,998	19,992
Sailor program expense	-	72,521	-	-	-	-	72,521
Salaries and wages	84,339	-	8,087	-	23,107	-	115,533
Strategic planning	-	-	5,650	-	-	-	5,650
Supplies	3,320	-	292	51	970	-	4,633
Technology and website	61	4,300	-	15	-	485	4,861
Telephone	5,992	-	518	-	1,482	-	7,992
Utilities	9,912	-	215	-	616	-	10,743
Total ordinary and in-kind	\$ 256,060	\$ 157,385	\$ 34,336	\$ 5,466	\$ 41,285	\$ 4,483	\$ 499,015
Total combined		\$ 413,445		\$ 39,802		\$ 45,768	\$ 499,015

See independent auditors' report.

CROSSING THE FINISH LINE, INC.
Schedules of Functional Expenses, continued
For the year ended June 30, 2006

	Program		General and Administrative		Fundraising		Total
	Ordinary	In-Kind	Ordinary	In-Kind	Ordinary	In-Kind	
Accommodations	\$ -	\$ 34,333	\$ -	\$ -	\$ -	\$ -	\$ 34,333
Airline travel	24,676	-	-	-	-	-	24,676
Bank service charges	3,553	-	355	-	1,168	-	5,076
Car rental	5,344	-	-	-	-	-	5,344
Computer software maintenance	2,038	-	195	-	558	-	2,792
Conference and training	1,189	-	114	-	326	-	1,629
Depreciation expense	5,914	-	115	-	329	-	6,358
Dues and subscriptions	479	-	465	-	465	-	1,409
Employee benefits	13,587	-	1,303	-	3,723	-	18,613
Employment taxes	7,768	-	745	-	2,128	-	10,641
Facility repairs and maintenance	27,042	1,327	-	-	-	-	28,369
Insurance	2,400	-	230	-	657	-	3,287
Limousine travel	132	3,840	-	-	-	-	3,972
Miscellaneous	187	-	18	-	51	-	256
Patient stipend	28,162	-	-	-	-	-	28,162
Port support	1,195	-	-	-	-	-	1,195
Postage and delivery	1,323	-	1,284	-	1,284	-	3,891
Professional fees	-	-	7,975	3,500	-	-	11,475
Printing and reproduction	4,463	1,240	685	200	9,352	2,560	18,500
Rent expense	-	14,600	-	1,400	-	4,000	20,000
Sailor program expense	-	48,950	-	-	-	-	48,950
Salaries and wages	87,302	-	8,371	-	23,919	-	119,592
Supplies	2,403	213	231	20	658	58	3,583
Technology and website	738	4,995	-	-	82	555	6,370
Telephone	5,165	-	495	-	1,416	-	7,076
Utilities	2,168	-	209	-	592	-	2,969
Total ordinary and in-kind	\$ 227,228	\$ 109,498	\$ 22,790	\$ 5,120	\$ 46,709	\$ 7,173	\$ 418,518
Total combined		\$ 336,726		\$ 27,910		\$ 53,882	\$ 418,518

See independent auditors' report.

CROSSING THE FINISH LINE, INC.
Schedules of Special Events Expenses
For the years ended June 30, 2007 and 2006

	2007		2006	
	Ordinary	In-Kind	Ordinary	In-Kind
		Total		Total
Awards/recognition	\$ 478	\$ 478	\$ 514	\$ 514
Decoration	3,472	4,672	4,765	4,965
Entertainment	6,165	6,165	4,975	8,275
Equipment rental	4,165	60	3,486	5,186
Event committee expense	560	560	419	419
Event insurance	2,899	2,899	3,498	3,498
Event production	5,537	3,000	8,276	9,928
Event signs	837	110	2,619	2,969
Facility rental	9,791	9,791	21,826	26,176
Food/beverage	80,324	11,233	62,265	81,770
Miscellaneous	-	1,250	4,912	5,012
Postage and delivery	3,761	3,761	3,401	3,401
Printing and reproduction	5,039	5,039	9,592	15,013
Promotional items and prizes	12,076	66,619	17,526	48,309
Total	\$135,104	\$ 83,472	\$148,074	\$ 67,361
		\$218,576		\$215,435

See independent auditors' report.