



Hope & Heroes

Columbia University Medical Center

***FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT***

YEARS ENDED JUNE 30, 2016 AND 2015

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Hope and Heroes Children's Cancer Fund
New York, New York

We have audited the accompanying financial statements of Hope and Heroes Children's Cancer Fund which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, cash flows, and functional expenses 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; 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. 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 Hope and Heroes Children's Cancer Fund as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Dorfman Abrams Music, LLC

Saddle Brook, New Jersey

March 20, 2017

HOPE AND HEROES CHILDREN'S CANCER FUND

STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30,	
	2016	2015
Cash	\$ 457,648	\$ 358,790
Pledges receivable, net	157,000	166,142
Special events receivable	24,215	58,610
Prepaid expenses	75,080	33,925
Total assets	<u>\$ 713,943</u>	<u>\$ 617,467</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 81,526	\$ 30,334
Deferred event income		10,000
Total liabilities	<u>81,526</u>	<u>40,334</u>
Net assets:		
Unrestricted	612,417	534,589
Temporarily restricted	20,000	42,544
Total net assets	<u>632,417</u>	<u>577,133</u>
Total liabilities and net assets	<u>\$ 713,943</u>	<u>\$ 617,467</u>

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

HOPE AND HEROES CHILDREN'S CANCER FUND

STATEMENTS OF ACTIVITIES

	Year ended June 30, 2016		Year ended June 30, 2015	
	Unrestricted	Temporarily restricted	Unrestricted	Temporarily restricted
Support and revenue:				
Contribution income	\$ 2,731,061	\$	\$ 2,994,824	\$
Special events, net of direct costs of \$574,763 and \$447,182 in 2016 and 2015, respectively	687,444	687,444	989,390	989,390
Other income	748	748	11,631	11,631
Net assets released from restriction	22,544	(22,544)	21,988	(21,988)
Total support and revenue	3,441,797	3,419,253	4,017,833	3,995,845
Expenses:				
Program services:				
Grants	2,803,606	2,803,606	3,475,892	3,475,892
Supporting services:				
Management and general	365,178	365,178	317,168	317,168
Fundraising	195,185	195,185	216,069	216,069
Total supporting services	560,363	560,363	533,237	533,237
Total expenses	3,363,969	3,363,969	4,009,129	4,009,129
Change in net assets	77,828	(22,544)	8,704	(21,988)
Net assets, beginning of year	534,589	577,133	525,885	64,532
Net assets, end of year	\$ 612,417	\$ 20,000	\$ 534,589	\$ 42,544
		\$ 632,417		\$ 577,133

Support and revenue:
 Contribution income
 Special events, net of direct costs of \$574,763 and \$447,182 in 2016 and 2015, respectively
 Other income
 Net assets released from restriction

Total support and revenue

Expenses:
 Program services:
 Grants

Supporting services:
 Management and general
 Fundraising

Total supporting services

Total expenses

Change in net assets
 Net assets, beginning of year

Net assets, end of year

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

HOPE AND HEROES CHILDREN'S CANCER FUND

STATEMENTS OF CASH FLOWS

	Year ended June 30,	
	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 55,284	\$ (13,284)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Discount on pledges receivable	(456)	(922)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Pledges receivable	9,598	(33,665)
Special events receivable	34,395	70,750
Prepaid expenses	(41,155)	(1,525)
Increase (decrease) in:		
Accounts payable and accrued expenses	51,192	30,334
Deferred event income	(10,000)	
	<u>98,858</u>	<u>51,688</u>
Net cash provided by operating activities		
	98,858	51,688
Net increase in cash	358,790	307,102
Cash, beginning of year		
	<u>\$ 457,648</u>	<u>\$ 358,790</u>
Cash, end of year		

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

HOPE AND HEROES CHILDREN'S CANCER FUND
STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2016 and 2015

	Program services		Management and general		Supporting services expenses		Total supporting services		Total program and supporting services expenses	
	2016	2015	2016	2015	Fundraising	2015	2016	2015	2016	2015
Grants	\$ 2,680,941	\$ 3,361,106	\$	\$	\$	\$	\$	\$	\$ 2,680,941	\$ 3,361,106
Salaries and employee benefits	80,977	82,348	99,704	101,163	176,731	165,632	276,435	266,795	357,412	349,143
Professional fees			81,578	42,415			81,578	42,415	81,578	42,415
Occupancy	6,587	6,587	1,647	1,647			1,647	1,647	8,234	8,234
Advertising and promotion			43,059	96,634	18,454	41,415	61,513	138,049	61,513	138,049
Office expense			124,052	60,752			124,052	60,752	124,052	60,752
Postage and delivery			10,211	10,743			10,211	10,743	10,211	10,743
Travel and entertainment	35,101	25,851	4,927	3,814		9,022	4,927	12,836	35,101	25,851
Miscellaneous expenses									4,927	12,836
Total expenses	\$ 2,803,606	\$ 3,475,892	\$ 365,178	\$ 317,168	\$ 195,185	\$ 216,069	\$ 560,363	\$ 533,237	\$ 3,363,969	\$ 4,009,129

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

HOPE AND HEROES CHILDREN'S CANCER FUND

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

1. Summary of significant accounting policies

This summary of significant accounting policies of Hope and Heroes Children's Cancer Fund (the Fund) is presented to assist in understanding the Fund's financial statements. The financial statements and notes are representations of the Fund's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America as promulgated in *FASB Accounting Standard Codification* (the Codification) and have been consistently applied in the preparation of the financial statements.

History of the Fund

Hope and Heroes Children's Cancer Fund was organized in 2002 under the laws of New York State to solicit funds for the benefit of, and to provide financial resources for, program support and development, patient services, education and research at the Herbert Irving Division of Child & Adolescent Oncology (now the Division of Pediatric Hematology, Oncology & Stem Cell Transplantation) at Columbia University Medical Center ("Columbia University Program").

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recognized when incurred.

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

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Fund and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Fund. Generally, the donors of these assets permit the Fund to use all or part of the income earned on any related investments for general or specific purposes. The Fund had no permanently restricted net assets at June 30, 2016 and 2015.

Cash

For purposes of the statement of cash flows, cash consists primarily of demand deposit accounts.

Contributions

Contributions, including unconditional pledges, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional pledges are recognized when the conditions on which they depend are substantially met. 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. However, if a restriction is fulfilled in the same accounting period the contribution is received, the Fund reports the support as unrestricted.

HOPE AND HEROES CHILDREN'S CANCER FUND

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

1. Summary of significant accounting policies (continued)

Pledges and special events receivable

Pledges and special events receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Fund provides for losses on pledges and special events receivable using the allowance method. The allowance is based on management's knowledge of which individual receivables are likely to not be collected. Management has determined that an allowance was not necessary for the fiscal years ended June 30, 2016 and 2015.

Pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts 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.

Deferred revenue

Advance payments for attendance at special events are recognized as revenue when the events occur and the funds are earned. Such amounts are included in deferred revenue until recognized. Related costs paid for those events in advance are recorded as part of prepaid expenses, and recognized as expenses when the events occur.

Non-cash contributions

The Fund receives donated services from specialized providers that create or enhance non-financial assets and allow the Fund to fulfill its mission. Donated specialized services have been recognized in the financial statements. These donated services require professional skills, and would typically need to be purchased if not provided by donation (see Note 7).

The Fund also receives donated services from various volunteers to carry out organizational activities. The value of these services has not been reflected on the accompanying financial statements since no objective basis is available to measure the value of such services.

Donated securities

Donated securities are recorded at fair market value at the date of donation. Donated securities are promptly sold by the Fund and the proceeds of the sale of those securities are recognized in the statements of activities as contribution income.

Estimates

The preparation of financial statements 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 period. Accordingly, actual results could differ from those estimates.

HOPE AND HEROES CHILDREN'S CANCER FUND

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

1. Summary of significant accounting policies (continued)

Functional expenses allocation

The cost of providing program and support services 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.

Income taxes

The Fund is a tax-exempt organization as defined by Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provisions for federal or state income taxes have been made.

Uncertain tax positions

As of June 30, 2016, management believes that based on evaluation of the Fund's tax positions that any liability as a result of uncertain tax positions would not be material. Management continually evaluates expiring statutes of limitations, changes in tax law, and new authoritative rulings to assist in evaluating the Fund's tax positions. Accrued interest and penalties associated with uncertain tax positions, if any, would be recognized as part of the income tax provision. Income tax returns are filed in the U.S. federal jurisdiction and state jurisdictions. U.S. federal and state income tax returns prior to fiscal year 2012 are closed.

Reclassifications

Certain amounts from the 2015 financial statements have been reclassified to conform to the 2016 presentation.

2. Risks and uncertainties

Financial instruments that potentially subject the Fund to concentrations of credit risk consist principally of cash and cash equivalents and pledges and special events receivables. The Fund maintains its cash in demand deposit accounts, the balances of which, at times, may exceed federally insured limits. Exposure to credit risk is reduced by placing such deposits in high quality financial institutions. Concentrations of credit risk with respect to pledges and special event receivables is reduced due to the fact that the receivables are from prominent individuals and/or corporations with a history of philanthropic support.

HOPE AND HEROES CHILDREN'S CANCER FUND

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

3. Pledges receivable, net

Pledges receivable are due as follows at June 30:

	<u>2016</u>	<u>2015</u>
Within one year	\$ 157,000	\$ 146,598
One to five years		<u>20,000</u>
	<u>157,000</u>	166,598
Less unamortized discount on pledges		<u>456</u>
	<u>\$ 157,000</u>	<u>\$ 166,142</u>

Pledges receivable due in more than one year are reflected at the present value of estimated cash flows using a risk-free interest rate of approximately 1.16%.

4. Conditional pledges receivable

During fiscal year 2016, the Fund received conditional pledges of which \$87,000 met the donor conditions at year end and are included as part of the pledge receivable balance as of June 30, 2016.

During fiscal year 2015, the Fund received conditional pledges of which \$73,598 met the donor conditions at year end and are included as part of the pledge receivable balance as of June 30, 2015.

5. Temporarily restricted net assets/net assets released from restrictions

Temporarily restricted net assets consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Time restriction on pledge	\$ 20,000	\$ 42,544

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the passage of time. The net assets released from restriction for the years ended June 30, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Time restriction on pledge	\$ 22,544	\$ 21,988

Restricted contributions in the amount of \$962,572 and \$1,272,606 for the years ended June 30, 2016 and 2015, respectively, were received and related restrictions were met within the year.

HOPE AND HEROES CHILDREN'S CANCER FUND

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

6. Special events

The Fund sponsors several events each year intended to raise additional funds for its charitable activities. The events and the net income derived are as follows:

	2016		
	Income	Expenses	Net
Golf	\$ 452,835	\$ 308,126	\$ 144,709
Walk	313,453	103,537	209,916
Brown Dinner	387,082	124,775	262,307
Other events	108,837	38,325	70,512
	<u>\$ 1,262,207</u>	<u>\$ 574,763</u>	<u>\$ 687,444</u>

	2015		
	Income	Expenses	Net
Golf	\$ 359,925	\$ 155,810	\$ 204,115
Walk	331,821	141,051	190,770
Brown Dinner	639,533	104,520	535,013
Other events	105,293	45,801	59,492
	<u>\$ 1,436,572</u>	<u>\$ 447,182</u>	<u>\$ 989,390</u>

7. Donated services and use of facilities

Columbia University Medical Center provides employee services and New York-Presbyterian Morgan Stanley Children's Hospital provides office space to the Fund for which no fee is charged. Employee services amounted to \$357,412 and \$349,143 for the years ended June 30, 2016 and 2015, respectively. Donated office space amounted to \$8,234 and \$8,234 for the years ended June 30, 2016 and 2015, respectively. These donated services are reflected as contribution income and as salaries and employee benefits and occupancy in the accompanying statement of activities and changes in net assets.

8. Significant source of support

The Fund received approximately 50% of its contribution income from two donors for the year ended June 30, 2016 and 41% of its contribution income from two donors for the year ended June 30, 2015.

9. Subsequent events

Subsequent events have been evaluated through March 20, 2017, which is the date financial statements were available to be issued.