

HOPE FUNDS FOR CANCER RESEARCH
FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2009 AND 2008

HOPE FUNDS FOR CANCER RESEARCH

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GOLDEN, GORMLY & COMPANY, LTD.

CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS CONSULTANTS

46 HOLLEY STREET - P O BOX 150 - WAKEFIELD, RHODE ISLAND 02880

ROBERT C. GOLDEN, CPA
BRIAN P. GORMLY, CPA

TELEPHONE (401) 783-1040
FAX (401) 782-1040

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Hope Funds for Cancer Research
Newport, Rhode Island

We have audited the accompanying statements of financial position of Hope Funds for Cancer Research (the Hope Funds) as of December 31, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Hope Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hope Funds for Cancer Research as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles in the United States of America.

As discussed in Note 1 to the financial statements, the Hope Funds adopted the provision of Financial Accounting Standards Board SFAS No. 116, "Accounting for Contributions Received and Contributions Made", for the years-ended December 31, 2009 and 2008 with respect to the treatment of Fellowship Expenses.

February 13, 2009

Golden, Gormly & Company, Ltd.

Golden, Gormly & Company, Ltd.

HOPE FUNDS FOR CANCER RESEARCH
STATEMENTS OF FINANCIAL POSITION

 --A S S E T S--

	DECEMBER 31,	
	2009	2008
CURRENT ASSETS:		
Cash and Cash Equivalents - Note 2	\$ 454,051	\$ 333,883
Contributions Receivable - Note 3	5,300	700
Prepaid Expense - Note 4	3,775	5,025
TOTAL CURRENT ASSETS	\$ 463,126	\$ 339,608

 --LIABILITIES AND NET ASSETS--

	DECEMBER 31,	
	2009	2008
CURRENT LIABILITIES:		
Fellowships Payable - Note 5	\$ 165,373	\$ 43,878
Accrued Expenses	0	2,000
Total Current Liabilities	165,373	45,878
LONG-TERM LIABILITIES		
Fellowships Payable - Note 5	64,500	34,873
Total Liabilities	229,873	80,751
NET ASSETS:		
Unrestricted - Note 6	233,253	258,857
TOTAL LIABILITIES AND NET ASSETS	\$ 463,126	\$ 339,608

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

HOPE FUNDS FOR CANCER RESEARCH
 STATEMENTS OF ACTIVITY
 FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>Unrestricted 2009</u>	<u>Unrestricted 2008</u>
REVENUE:		
Special Events, Net	\$ 188,645	\$ 136,169
Contributions - Annual Fund	85,214	101,854
Contributions - Donated Services	5,330	19,676
Gain on Sale of Donated Asset	<u>0</u>	<u>2,000</u>
Total Revenue	<u>279,189</u>	<u>259,699</u>
EXPENSES:		
Program Services:		
Fellowships	261,000	132,920
Science, Medical & Research Information and Communication	20,248	17,392
Honorees, Medals and Diplomas	<u>6,093</u>	<u>7,455</u>
Total Program Services	<u>287,341</u>	<u>157,767</u>
Fundraising Expenses	6,582	5,118
Administrative Expenses	<u>15,885</u>	<u>23,957</u>
Total Expenses	309,808	186,842
INCOME (LOSS) FROM OPERATIONS	(30,619)	72,857
OTHER INCOME (EXPENSE):		
Investment Return	<u>5,015</u>	<u>8,193</u>
CHANGE IN NET ASSETS	(25,604)	81,050
NET ASSETS - BEGINNING OF YEAR	<u>258,857</u>	<u>177,807</u>
NET ASSETS - END OF YEAR	<u>\$ 233,253</u>	<u>\$ 258,857</u>

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

HOPE FUNDS FOR CANCER RESEARCH
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (25,604)	\$ 81,050
Changes in Operating Assets and Liabilities:		
Contributions Receivable	(4,600)	1,100
Asset for Sale	0	3,000
Prepaid Expenses	1,250	(4,650)
Accrued Expenses	(2,000)	0
Fellowships Payable	151,122	78,751
Net Cash Provided From Operating Activities	120,168	159,251
CASH - BEGINNING OF YEAR	333,883	174,632
CASH - END OF YEAR	\$ 454,051	\$ 333,883

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

HOPE FUNDS FOR CANCER RESEARCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Hope Funds for Cancer Research (the Hope Funds), a non-profit corporation, was organized under the General Laws of the State of Rhode Island on October 5, 2006 for the purpose of encouraging investigation of innovative cancer treatment, prevention and detection and to increase knowledge relating to cancer care, especially for the most difficult-to-treat cancers, through philanthropic support of scientific and medical research.

BASIS OF ACCOUNTING

The accompanying financial statements have been prepared on the accrual basis of accounting, which recognizes revenue when earned and expenses when incurred. In 2009 the Hope Funds made a change to the accounting for payments to grantee institutions in respect of Fellowship Expenses in accordance with the provisions for Financial Accounting Standards Board SFAS No. 116, "Accounting for Contributions Received and Contributions Made". In prior periods these expenses were recorded at the time of disbursement. The Trustees of the Hope Funds have determined that with effect from January 1, 2009 such expenses will be recorded in full at the time the commitment is made with the grantee institution. This follows industry practice by the Hope Funds' peers, and, in the opinion of the Trustees, more correctly matches the expense with the net contributions generated to finance those expenses.

The 2008 financial statements have been restated to reflect this accounting change in the 2008 comparative figures in the Statement of Financial Position and the Statement of Activities and Statement of Cash Flows.

As of December 31, 2008:

	<u>Prepaid Expense</u>	<u>Fellowship Payable</u>	<u>Unrestricted Net Assets</u>
As previously reported	\$ 20,376	\$ 0	\$ 352,959
Adjustment for change- Accounting Principle	<u>(15,351)</u>	<u>78,751</u>	<u>(94,102)</u>
Balance as of December 31, 2008, as restated	\$ <u>5,025</u>	\$ <u>78,751</u>	\$ <u>258,857</u>

HOPE FUNDS FOR CANCER RESEARCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

INCOME TAXES

The Hope Funds qualifies as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code.

FINANCIAL STATEMENT PRESENTATION

The Hope Funds 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.

CONTRIBUTIONS

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the organization reports the support as unrestricted.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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.

DONATED SERVICES

The Hope Funds recognizes revenues for certain donated professional services at the fair value of those services. The total amount recognized is listed under Contributions – Donated Services. In 2008 the Hope Funds received donated legal, accounting, design, website development and event planning services. In 2009 the Hope Funds received donated services for all of those functions, but has only recorded the market value of professional services for legal and accounting activities. Since the Hope Funds is a volunteer organization, many individuals volunteer their time and perform a variety of professional and administrative tasks that greatly assist the Hope Funds perform its daily activities, grant-making, special events and fundraising. No amounts have been reflected in the

HOPE FUNDS FOR CANCER RESEARCH
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2009 AND 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

DONATED SERVICES (CONTD)

financial statements since these donated services do not meet the criteria for recognition under SFAS No. 116, "Accounting for Contributions Received and Contributions Made".

RECLASSIFICATIONS

Certain reclassifications have been made to prior year financial statements in order for them to be in conformity with the current year presentation.

NOTE 2 – CASH AND CASH EQUIVALENTS

The Hope Funds considers all liquid debt instruments with original maturities of three months or less, as well as short-term certificates of deposit maturing in under twelve months, to be cash equivalents. Funds are kept in local institutions in regular checking and money market accounts as well as in a short-term investment account. At December 31, 2009 the cash was invested as follows:

Checking Account with Bank of Newport	\$ 321
Savings Account with Bank of Newport	265,236
Money Market Account with Smith Barney	1,005
Savings Account with Washington Trust	2,512
Checking Account with J P Morgan Chase	10,234
Savings Account with J P Morgan Chase	24,047
Certificates of Deposit:	
Washington Trust maturing 5/19/10 @ 1.25%	<u>150,696</u>
 Total Cash Balances	 \$ <u>454,051</u>

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions Receivable represents 2009 donations pledged but not received by December 31, 2009. The Hope Funds believes the amount to be fully collectible in 2010.

HOPE FUNDS FOR CANCER RESEARCH
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2009 AND 2008

NOTE 4 – PREPAID EXPENSE

Prepaid expense represents the Hope Funds prepayment amounts for the following expense categories:

Prepaid policy premium for its property and liability policy	\$ 375
Prepaid deposit to secure Gala venue for 2010	<u>3,400</u>
	<u>\$ 3,775</u>

NOTE 5 – FELLOWSHIPS PAYABLE

The Hope Funds conducts a post-doctoral competition each year. Fellowships typically cover a two-year period. As described in Note 1, the Hope Funds determined to recognize the full amount of each award at the time of its commitment with the grantee institution. Awards payable as of December 31, 2009 are expected to be paid as follows:

2010	\$ 165,373
2011	<u>64,500</u>
	<u>\$ 229,873</u>

NOTE 6 – NET ASSETS - UNRESTRICTED

Net assets set aside by the Board of Trustees that represent support raised in advance to fund future fellowship awards. Future two-year fellowships will be awarded to postdoctoral scientists who propose to work on highly innovative research projects that challenge the traditional paradigms of understanding the causes, mechanisms, progression, disease markers or risk factors of the most difficult to treat cancers.

NOTE 7 – REVENUE AND SUPPORT

The Hope Funds' major forms of support include direct contributions by individuals, corporations and foundations towards its Annual Fund and Special Events to raise funds for Fellowships as well as serving to honor luminaries in the field of cancer research, treatment and philanthropy. From October 2008 to June 2009, the Hope Funds received several gifts in memory of Christopher Hayes, a friend of the organization who lost his fight with cancer in October 2008. These gifts totaled \$19,890 in 2008 and \$5,750 in the first half of 2009 and are included in unrestricted Annual Fund contributions. The Board applied these donations towards a naming gift in Mr. Hayes' memory at the 2009 Gala. These donations are considered special one-time gifts and therefore cannot be expected to be repeated annually.

HOPE FUNDS FOR CANCER RESEARCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 8 – SPECIAL EVENTS

Since its Inaugural Awards Gala in August 2007, the Hope Funds has held its Awards Gala annually. In 2008 and 2009 the Awards Gala was held at Marble House in Newport. The Awards Gala event is held to celebrate the Hope Funds' commitment to encourage innovative cancer treatment and early-stage detection for the most understudied and difficult to treat cancers. It also provides a forum for scientific discussion and presentations, and raises funds for future Fellowships. The event in 2009 brought together nearly 200 trustees, advisors, scientists, physicians and friends of the Hope Funds for Cancer Research. Four distinguished individuals and one organization were honored for their collective achievements and commitments, while the postdoctoral Fellows presented their research findings.

In November 2009 the Hope Funds hosted a very successful panel discussion in New York City. Members of the panel included specialists in the field of cancer drug development. Guests from industry and academia met with scientists, physicians, business people and philanthropists. In 2010 the Hope Funds plans to continue this type of programming.

Gross proceeds from the two Special Events in 2009 from sources including ticket prices, corporate support and individual donations totaled \$263,275. Total costs for these events amounted to \$74,630, or 28% of contributions to the Special Events.

NOTE 9 - SCIENCE, MEDICAL & RESEARCH INFORMATION AND COMMUNICATIONS

Expenses in this category increased significantly in 2008 and 2009 as the Hope Funds expanded programming activities to include educational video content and to increase the website's scope and capabilities. In addition to website content, the Hope Funds incurred expenses for its Fellows to present their research findings in public formats.

NOTE 10 – SUPPLEMENTAL CASH FLOW INFORMATION

Cash flows from operating activities as reported in the accompanying statements of cash flows for the years-ended December 31, 2009 and 2008, reflect no cash payment for interest or taxes.