

HOPE FUNDS FOR CANCER RESEARCH
FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007

HOPE FUNDS FOR CANCER RESEARCH

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HORAN, GOLDEN & COMPANY, LTD.

CERTIFIED PUBLIC ACCOUNTANTS
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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, 2008 and 2007, 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 generally accepted auditing standards. 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 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, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

February 13, 2009

Horan, Golden, Gormly & Company, Ltd.
Horan, Golden, Gormly & Company, Ltd.

HOPE FUNDS FOR CANCER RESEARCH
STATEMENTS OF FINANCIAL POSITION

--ASSETS--

	DECEMBER 31,	
	2008	2007
CURRENT ASSETS:		
Cash - Note 2	\$ 333,883	\$ 174,632
Contributions Receivable - Note 3	700	1,800
Asset Held for Sale - Note 4	0	3,000
Prepaid Expense - Note 5	20,376	375
 TOTAL CURRENT ASSETS	 \$ 354,959	 \$ 179,807

--LIABILITIES AND NET ASSETS--

	DECEMBER 31,	
	2008	2007
CURRENT LIABILITIES:		
Accrued Expenses	\$ 2,000	\$ 2,000
 NET ASSETS:		
Unrestricted - Note 6		
Designated for Fellowships	309,182	174,000
Undesignated	43,777	3,807
 Total Net Assets	 352,959	 177,807
 TOTAL LIABILITIES AND NET ASSETS	 \$ 354,959	 \$ 179,807

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

HOPKINS FUNDS FOR CANCER RESEARCH
STATEMENTS OF ACTIVITY
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	Unrestricted 2008	Unrestricted 2007
REVENUE:		
Special Events, Net	\$ 136,169	\$ 136,328
Contributions - Annual Fund	101,854	53,399
Contributions - In Kind	0	3,000
Contributions - Pro-bono Services	19,676	8,398
Gain on Sale of Donated Asset	2,000	0
Total Revenue	259,699	201,125
EXPENSES:		
Program Services:		
Fellowships	38,818	0
Grant Solicitations	4,511	10,712
Awards to Honorees	7,455	7,828
Public Communications	12,881	1,084
Fundraising Expenses	5,118	3,393
Administrative Expenses:		
Staff Expenses	0	0
Legal and Professional	12,287	2,271
Printing and Stationery	7,926	1,022
Office Expense	1,886	2,598
Insurance	1,650	375
Collection Processing Fees	-	726
Miscellaneous	208	23
Total Expenses	92,740	30,032
INCOME FROM OPERATIONS	166,959	171,093
OTHER INCOME (EXPENSE):		
Interest Income	8,193	3,030
CHANGE IN NET ASSETS	175,152	174,123
NET ASSETS - BEGINNING OF YEAR	177,807	3,684
NET ASSETS - END OF YEAR	\$ 352,959	\$ 177,807

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, 2008 AND 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 175,152	\$ 174,123
Changes in Operating Assets and Liabilities:		
Contributions Receivable	1,100	(1,800)
Asset for Sale	3,000	(3,000)
Prepaid Expenses	(20,001)	3
Accrued Expenses	0	2,000
Net Cash Provided From Operating Activities	159,251	171,326
CASH - BEGINNING OF YEAR	174,632	3,306
CASH - END OF YEAR	\$ 333,883	\$ 174,632

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

HOPE FUNDS FOR CANCER RESEARCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

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.

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 has adopted Statement of Financial Accounting Standard (SFAS) No. 117, "Financial Statements of Not-for-Profit Organization". Under SFAS No. 117, 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. In addition, the Hope Funds is required to present a statement of cash flows.

CONTRIBUTIONS

The Hope Funds has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made", whereby 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.

HOPE FUNDS FOR CANCER RESEARCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

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 – Pro-bono Services. In 2007 the Hope Funds received donated legal, website development and event planning services. In 2008 in addition to those services, the Hope Funds received professional accounting services in respect of the preparation of the annual accounts, and print design services for the first Annual Report. Additionally, since the Hope Funds is a volunteer organization, many individuals volunteer their time and perform a variety of professional tasks that greatly assist the Hope Funds perform its daily activities, grant-making, special events and fundraising. No amounts have been reflected in the financial statements since these donated services do not meet the criteria for recognition under SFAS No. 116.

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, 2008 the cash was invested as follows:

HOPE FUNDS FOR CANCER RESEARCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 2 – CASH AND CASH EQUIVALENTS (CONTD)

Checking Account with Bank of Newport	\$ 9,388
Savings Account with Bank of Newport	124,360
Money Market Account with Smith Barney	8,837
Certificates of Deposit:	
Comerica Bank maturing 1/08/09 @ 2.45%	50,012
GE Money Bank maturing 2/06/09 @ 2.55%	45,041
Citibank NA maturing 4/22/09 @ 3.15%	50,141
GE Money Bank maturing 5/06/09 @ 3.05%	45,126
Accrued Interest	<u>978</u>
Total Cash Balance at December 31, 2008	<u>\$ 333,883</u>

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions Receivable represents annual donations pledged but not received by December 31. The Hope Funds believes these amounts to be fully collectible in the next fiscal year.

NOTE 4 – ASSET HELD FOR SALE

In 2007, the Hope Funds accepted the donation of a piece of artwork to be sold by the Organization to support its Annual Funds. The Hope Funds was advised that the artwork had a value range of \$3,000 to \$5,000 and established its estimated fair market value at \$3,000 as of December 31, 2007. In 2008, the artwork was sold for \$5,000.

NOTE 5 – PREPAID EXPENSE

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

	December 31, <u>2008</u>	<u>2007</u>
Prepaid policy premium for its property and liability policy	\$ 375	\$ 375
Prepaid deposits to secure Gala and Special Event venues for 2009	3,400	0
Prepaid deposits to secure a Program venue for 2009	1,250	0
Prepaid fellowship expenses for Q1 2009	<u>15,351</u>	<u>0</u>
	<u>\$ 20,376</u>	<u>\$ 375</u>

HOPE FUNDS FOR CANCER RESEARCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 6 – NET ASSETS – UNRESTRICTED

Unrestricted Net Assets for the Hope Funds is currently separated into two categories:

Undesignated – Net assets set aside by the Board of Trustees that represent support raised to fund general operating expenses.

Designated for Fellowships – Net assets set aside by the Board of Trustees that represent support raised to fund the balance of the fellowship expense for the post doctoral scientists granted fellowships in June of 2008, and future two-year fellowships to post-doctoral scientist who propose to work on highly innovative research projects that challenge the traditional paradigms of understanding the causes, mechanisms, progression, disease markets 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 and business entities towards its Annual Fund, In-kind and Pro-bono services and hosting 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 December 2008, 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 at December 31, 2008 and are included in undesignated Annual Fund contributions. The Board agreed to apply 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.

Additionally, during the year ended December 31, 2008, the Board of Trustees and Council of Advisors represented approximately 39 percent of the total support given to the Hope Funds.

NOTE 8 – SPECIAL EVENT

In August 2007, the Hope Funds held its Inaugural Awards Gala. In August 2008 the second Awards Gala was held at Marble House in Newport. The Awards Gala event will be held annually 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 will also provide a forum for scientific discussion and

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NOTES TO FINANCIAL STATEMENTS
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NOTE 8 – SPECIAL EVENT (CONTD)

presentations, and raise funds for future Fellowships. Each year's event 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. As part of the second Awards Gala, Fellows were able to present their research findings. Gross proceeds from the current year's event from sources including ticket prices, corporate support and individual donations totaled \$207,918. Total costs for hosting the event amounted to \$71,749.

NOTE 9 – PROGRAM SERVICES – Public Communications

Expenses in the category increased significantly in 2008 as the Hope Funds expanded marketing activities to include educational video programming 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 a public format.

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, 2008 and 2007, reflect no cash payment for interest or taxes.