

HOPE FUNDS FOR CANCER RESEARCH
FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2011 AND 2010

HOPE FUNDS FOR CANCER RESEARCH

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GOLDEN, GORMLY & COMPANY, LTD.

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& BUSINESS CONSULTANTS

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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, 2011 and 2010, 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 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, 2011 and 2010, 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.

Golden, Gormly & Company, Ltd.

January 26, 2012

Golden, Gormly & Company, Ltd.

HOPE FUNDS FOR CANCER RESEARCH
STATEMENTS OF FINANCIAL POSITION

 --ASSETS--

	DECEMBER 31,	
	2011	2010
CURRENT ASSETS:		
Cash and Cash Equivalents - Note 2	\$ 765,162	\$ 622,547
Contributions Receivable - Note 3	1,600	6,120
Prepaid Expense - Note 4	86,903	14,215
TOTAL CURRENT ASSETS	\$ 853,665	\$ 642,882

 --LIABILITIES AND NET ASSETS--

	DECEMBER 31,	
	2011	2010
CURRENT LIABILITIES:		
Fellowships Payable - Note 5	\$ 208,500	\$ 185,748
Deferred Revenue - Note 4	0	45,000
Total Current Liabilities	208,500	230,748
LONG-TERM LIABILITIES:		
Fellowships Payable - Note 5	69,000	64,500
Total Liabilities	277,500	295,248
NET ASSETS:		
Unrestricted - Note 6	576,165	347,634
TOTAL LIABILITIES AND NET ASSETS	\$ 853,665	\$ 642,882

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

HOPE FUNDS FOR CANCER RESEARCH
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>Unrestricted 2011</u>	<u>Unrestricted 2010</u>
REVENUE:		
Contributions:		
Annual Fund	\$ 223,274	\$ 135,390
Special Events, Net	345,061	236,393
Donated Services	<u>4,559</u>	<u>5,125</u>
Total Revenue	<u>572,894</u>	<u>376,908</u>
EXPENSES:		
Program Services:		
Fellowships	287,984	217,000
Science, Medical & Research Information and Communication	22,614	19,613
Honoree Medals and Diplomas	<u>5,389</u>	<u>6,805</u>
Total Program Services	<u>315,987</u>	<u>243,418</u>
Fundraising Expenses	10,384	8,111
Administrative Expenses	<u>24,232</u>	<u>13,897</u>
Total Expenses	<u>350,603</u>	<u>265,426</u>
INCOME (LOSS) FROM OPERATIONS	222,291	111,481
OTHER INCOME (EXPENSE):		
Investment Return	<u>6,240</u>	<u>2,900</u>
CHANGE IN NET ASSETS	228,531	114,381
NET ASSETS - BEGINNING OF YEAR	<u>347,634</u>	<u>233,253</u>
NET ASSETS - END OF YEAR	<u><u>\$ 576,165</u></u>	<u><u>\$ 347,634</u></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, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 228,531	\$ 114,381
Changes in Operating Assets and Liabilities:		
Contributions Receivable	4,520	(820)
Prepaid Expenses	(72,688)	(10,440)
Deferred Revenue	(45,000)	45,000
Fellowships Payable	27,252	20,375
Net Cash Provided From Operating Activities	142,615	168,496
CASH - BEGINNING OF YEAR	622,547	454,051
CASH - END OF YEAR	\$ 765,162	\$ 622,547

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

HOPE FUNDS FOR CANCER RESEARCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

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. The Hope Funds account 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", whereby such expenses are 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, correctly matches the expense with the net contributions generated to finance those expenses.

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.

HOPE FUNDS FOR CANCER RESEARCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

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. The Hope Funds receives donated legal, accounting, design, website development and event planning services. In 2010 and 2011 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 financial statements since these donated services do not meet the criteria for recognition under SFAS No. 116, "Accounting for Contributions Received and Contributions Made".

HOPE FUNDS FOR CANCER RESEARCH
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2011 AND 2010

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, 2011 the cash was invested as follows:

Checking Account with Bank of Newport	\$ 28,795
Savings Account with Bank of Newport	351,730
Savings Account with Washington Trust	2,179
Checking Account with J P Morgan Chase	10,084
Savings Account with J P Morgan Chase	114,072
Money Market Account with Smith Barney	3,876
Certificates of Deposit:	
Washington Trust maturing 10/18/12	<u>254,426</u>
 Total Cash Balances	 \$ <u>765,162</u>

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions Receivable represents 2011 donations pledged but not received by December 31, 2011. The Hope Funds believes the amount to be fully collectible in 2012.

NOTE 4 – PREPAID EXPENSE & DEFERRED REVENUE

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

Prepaid policy premium for its property and liability policy	\$ 375
Prepaid deposits to secure Gala venue for 2012	7,500
Prepaid deposits to secure Special Event venue 2012	10,688
Prepaid deposit for 2012 honoree medals	4,000
Prepaid deposits to secure Gala venue for 2013	64,000
Office rent deposit	<u>340</u>
	\$ <u>86,903</u>

Deferred Revenue represents amounts received in 2010 towards the 2011 Awards Gala event held June 9, 2011

HOPE FUNDS FOR CANCER RESEARCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 5 – FELLOWSHIPS PAYABLE

The Hope Funds conducts a post-doctoral competition each year. Fellowships typically cover two-year or three-year periods. 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.

In 2011 the Hope Funds awarded three new two-year grants and increased the value of earlier grants for total commitments of \$287,984. Early terminations by Fellows in the prior year released \$90,500 of committed funds in 2010 leaving a net Fellowship expense for that year of \$217,000. Awards payable as of December 31, 2011 total \$277,500 and are expected to be paid as follows:

2012	\$ 208,500
2013	<u>69,000</u>
	\$ <u>277,500</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 and three-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.

NOTE 8 – SPECIAL EVENTS

Since its Inaugural Awards Gala in August 2007, the Hope Funds has held its Awards Gala annually. In 2008, 2009 and 2010 the Awards Gala was held at Marble House in Newport, RI. In 2011 the Awards Gala was held at the Union Club in New York City. In 2012 the Awards Gala will be held at Marble House in Newport, and in 2013 at the Metropolitan Museum of Art in New York City.

HOPE FUNDS FOR CANCER RESEARCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 8 – SPECIAL EVENTS (CONTD)

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 events in 2010 and 2011 brought together more than 150 trustees, advisors, scientists, physicians and friends of the Hope Funds for Cancer Research. In 2011 six distinguished individuals were honored for their collective achievements and commitments, while the postdoctoral Fellows presented their research findings.

In March 2010 the Hope Funds hosted a successful panel discussion in Boston. In August 2011 the organization hosted a very successful panel discussion in Newport. 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. The Hope Funds plans to continue this type of programming in 2012 with an event in New York City to showcase the work and achievements of the Fellows, their Mentors and Advisors.

Gross proceeds from the two Special Events in 2011 from sources including ticket prices, corporate support and individual donations totaled \$403,176. Total costs for these events amounted to \$58,115, or 14.4% of contributions to the Special Events.

NOTE 9 - SCIENCE, MEDICAL & RESEARCH INFORMATION AND COMMUNICATIONS

Expenses in this category amounted to \$19,613 in 2010 and \$22,614 in 2011. 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, 2011 and 2010, reflect no cash payment for interest or taxes.

HOPE FUNDS FOR CANCER RESEARCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The Hope Funds entered into a lease for office space beginning December 1, 2010 for a period of 24 months. The lease may be renewed for an additional 24 month period at a fixed rate per month. The annual minimum lease payments due under this lease are as follows:

<u>December 31,</u>	
2012	<u>3,740</u>

Total rent expenses for the above property lease for the year-ended December 31, 2011 and 2010 was \$4,080 and \$340, respectively.

NOTE 12 – CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Hope Funds to a concentration of credit risk consist principally of cash in bank in excess of FDIC limits. As of December 31, 2011, the Hope Funds had \$98,486 at high credit quality financial institutions, which exceeded FDIC insurance limits. On January 7, 2012 the Hope Funds transferred \$68,000 to a fully insured account. It is the Hope Funds intent to reduce the remaining balance by funding short term obligations subsequent to the financial statement date.