

HOPE FUNDS FOR CANCER RESEARCH
FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2013 AND 2012

HOPE FUNDS FOR CANCER RESEARCH

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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 (A non-profit corporation) as of December 31, 2013 and 2012, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. 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 of material misstatement. An audit 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 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 position of Hope Funds for Cancer Research as of December 31, 2013 and 2012, 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.

Golden, Gormly & Company, Ltd.

January 31, 2014

HOPE FUNDS FOR CANCER RESEARCH
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012

<u>--A S S E T S--</u>		
	DECEMBER 31,	
	2013	2012
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 984,519	\$ 1,008,157
Current Portion of Contributions Receivable	56,750	1,250
Prepaid Expense	192,550	79,317
Total Current Assets	<u>1,233,819</u>	<u>1,088,724</u>
OTHER ASSETS		
Contributions Receivable	<u>50,000</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 1,283,819</u>	<u>\$ 1,088,724</u>

<u>--LIABILITIES AND NET ASSETS--</u>		
	DECEMBER 31,	
	2013	2012
CURRENT LIABILITIES:		
Current Portion of Fellowships Payable	\$ 291,838	\$ 233,500
Deferred Revenue	0	21,900
Total Current Liabilities	<u>291,838</u>	<u>255,400</u>
LONG-TERM LIABILITIES:		
Fellowships Payable	<u>273,197</u>	<u>264,000</u>
Total Liabilities	<u>565,035</u>	<u>519,400</u>
NET ASSETS:		
Unrestricted	599,784	569,324
Temporarily Restricted	119,000	0
Total Net Assets	<u>718,784</u>	<u>569,324</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,283,819</u>	<u>\$ 1,088,724</u>

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

HOPE FUNDS FOR CANCER RESEARCH
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	DECEMBER 31, 2013			DECEMBER 31, 2012
	Unrestricted	Temporarily Restricted	Total	Unrestricted
REVENUE:				
Contributions:				
Annual Fund	\$ 263,119	\$ 119,000	\$ 382,119	\$ 364,333
Special Events, Net	303,695	0	303,695	286,052
Investment Return	2,431	0	2,431	2,302
Total Revenue	569,245	119,000	688,245	652,687
EXPENSES:				
Program Services:				
Fellowships	426,510	0	426,510	576,000
Science, Medical & Research Information and Communication	51,493	0	51,493	33,154
Honoree Medals and Diplomas	4,978	0	4,978	5,836
Total Program Services	482,981	0	482,981	614,990
Fundraising Expenses	23,522	0	23,522	19,879
Management and General Expenses	32,282	0	32,282	24,659
Total Expenses	538,785	0	538,785	659,528
CHANGE IN NET ASSETS	30,460	119,000	149,460	(6,841)
NET ASSETS - BEGINNING OF YEAR	569,324	0	569,324	576,165
NET ASSETS - END OF YEAR	\$ 599,784	\$ 119,000	\$ 718,784	\$ 569,324

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, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 149,460	\$ (6,841)
Changes in Operating Assets and Liabilities:		
Contributions Receivable	(105,500)	350
Prepaid Expenses	(113,233)	7,585
Deferred Revenue	(21,900)	21,900
Fellowships Payable	<u>67,535</u>	<u>220,000</u>
Net Cash Provided From (Used By) Operating Activities	(23,638)	242,994
CASH - BEGINNING OF YEAR	<u>1,008,157</u>	<u>765,163</u>
CASH - END OF YEAR	<u><u>\$ 984,519</u></u>	<u><u>\$ 1,008,157</u></u>

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

HOPE FUNDS FOR CANCER RESEARCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

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 of the Hope Funds have been prepared on the accrual basis of accounting which recognizes revenue when earned and expenses when incurred and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit entities.

INCOME TAXES

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

The Hope Funds is subject to the provisions of ASC 740-10-05 relating to accounting and reporting for uncertainty in income taxes. Because of the Hope Fund's general tax-exempt status, ASC 740-10-05 has not had, and is not anticipated to have, a material impact on the Hope Fund's financial statements.

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. In addition, the Hope Funds is required to present a statement of cash flows.

RECLASSIFICATIONS

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

HOPE FUNDS FOR CANCER RESEARCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

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

Donated services are recognized as contributions in accordance with accounting standards at their fair market value, if the services: 1) create or enhance nonfinancial assets; or 2) require specialized skills and are performed by people with those skills or would otherwise be purchased by the Hope Funds. The Hope Funds receives donated services for legal, accounting, design, website development and event planning activities. Since the Hope Funds is an entirely 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 operations. No amounts have been reflected in the accompanying financial statements since these donated services do not meet the criteria for recognition.

ADVERTISING AND MARKETING COSTS

Advertising and marketing costs are expensed as incurred. Advertising and marketing expense for the years ended December 31, 2013 and 2012 totaled \$8,991 and \$5,254, respectively.

SUBSEQUENT EVENTS

The Hope Funds considers the accounting treatments, and the related disclosures in the current year's financial statements, that may be required as the result of all events or transactions that occur after the year-end through the date of the independent auditors' report, January 31, 2014.

HOPE FUNDS FOR CANCER RESEARCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

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 twenty-four months, to be cash equivalents. Funds are kept in institutions in regular checking and money market accounts as well as in a short-term investment account. At December 31, 2013 the cash was invested as follows:

Checking Account with Bank of Newport	\$ 17,485
Savings Account with Bank of Newport	206,338
Savings Account with Washington Trust	9,530
Checking Account with J P Morgan Chase	10,084
Savings Account with J P Morgan Chase	239,654
Money Market Account with Smith Barney	1,332
Checking Account with Citibank	50,000
Savings Account with Citibank	200,096
Account with US Bank	<u>250,000</u>
 Total Cash Balances	 \$ <u>984,519</u>

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions Receivable represents 2013 donations pledged but not received by December 31, 2013. The Hope Funds believes the amount to be fully collectible in 2014.

The following are maturities of the contributions receivable for each of the next five years and in the aggregate:

Year Ended <u>December 31,</u>	<u>Amount</u>
2014	\$ 56,750
2015	<u>50,000</u>
Total	\$ <u>106,750</u>

HOPE FUNDS FOR CANCER RESEARCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 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 2014	85,180
Prepaid deposits to secure Gala suppliers and catering for 2014	98,005
Prepaid deposits for Fellows Gala lodging for 2014	5,000
Prepaid deposit for 2014 honoree medals	3,000
Office rent security deposit	<u>990</u>
	<u>\$ 192,550</u>

Deferred Revenue represents amounts received in 2012 towards the 2013 Awards Gala event held April 29, 2013.

NOTE 5 – FELLOWSHIPS PAYABLE

The Hope Funds conducts a postdoctoral competition each year and awards fellowships typically covering two-year or three-year periods. The Hope Funds accounts for payments to grantee institution in respect of Fellowship Expense by recording such expense in the full at the time the commitment is made with the grantee institution. In 2013 the Hope Funds awarded three new three-year grants and increased the term of earlier grants for total commitment of \$453,119. Two previously awarded grants were reduced during the year at the Fellows' requests as to term or amount, lowering previous grant commitments by \$26,609. Awards payable as of December 31, 2013 total \$565,035 are expected to be paid as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2014	\$ 291,838
2015	199,475
2016	<u>73,722</u>
Total	<u>\$ 565,035</u>

HOPE FUNDS FOR CANCER RESEARCH
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DECEMBER 31, 2013 AND 2012

NOTE 6 – NET ASSETS – UNRESTRICTED & TEMPORARILY RESTRICTED

Net Assets – Unrestricted represent 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.

Net Assets – Temporarily Restricted represent net assets donor restricted for named Fellowships to be paid in future years.

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, Hope Funds has held its Awards Gala annually. In 2008, 2009, 2010 and 2012 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 2013 the Awards Gala was held at the Metropolitan Museum of Art in New York City; and in 2014, the Awards Gala will be held there once again.

The Awards Gala event is held to celebrate the Hope Funds' commitment to encourage innovative cancer treatment and early-state 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 prior years the events brought together more than 150 trustees, advisors, scientists, physicians and friends of the Hope Funds for Cancer Research. In 2013 four distinguished individuals were honored for their collective achievements and commitments. The postdoctoral Fellows were given an outstanding forum in which to present their research findings.

In 2013 the Hope Funds hosted a successful panel discussion in Newport, RI. Members of the panel included Hope Funds Fellows and a senior cancer researcher. Guests from industry and academia met with scientists, physicians, business people and philanthropists. This was a memorable opportunity to showcase the work and achievements of the Fellows, their Mentors and Advisors.

HOPE FUNDS FOR CANCER RESEARCH
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DECEMBER 31, 2013 AND 2012

NOTE 8 – SPECIAL EVENTS (CONTD)

Gross proceeds from the Special Events in 2013 from sources including ticket prices, corporate support and individual donations totaled \$514,404. Total costs for these events amounted to \$210,709, or 40.9% of contributions to the Special Events.

NOTE 9 - SCIENCE, MEDICAL & RESEARCH INFORMATION AND COMMUNICATIONS

Expenses in this category amounted to \$33,154 in 2012 and \$51,493 in 2013. The Hope Funds expanded opportunities for its Fellows and Alumni-Fellows to present their research findings in public formats and to key-opinion-leaders in the field of cancer research.

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, 2013 and 2012, reflect no cash payment for interest or taxes.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The Hope Funds entered a lease for office space in Newport, Rhode Island beginning December 1, 2013 for a period of 24 months and entered a lease for field office space in New York City beginning June 1, 2013 for 12 months. The minimum lease payments due under these leases are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2014	\$ 6,600
2015	<u>6,050</u>
Total	\$ <u>12,650</u>

NOTE 12 – CONCENTRATION OF CREDIT RISK

The Hope Funds maintains its cash balances at several financial institutions in amounts which, at times, may be in excess of federally insured limits. Management believes that the Hope Funds faces no significant risk of loss relating to a failure of one of the financial institutions.