

HOPE FUNDS FOR CANCER RESEARCH
(A NON-PROFIT CORPORATION)
FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2012 AND 2011

HOPE FUNDS FOR CANCER RESEARCH
(A NON-PROFIT CORPORATION)

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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, 2012 and 2011, 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 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 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, 2012 and 2011, 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

Allen, Gormly & Company, Ltd.

Golden, Gormly & Company, Ltd.

February 6, 2013

HOPE FUNDS FOR CANCER RESEARCH
(A NON-PROFIT CORPORATION)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

 --ASSETS--

	DECEMBER 31,	
	2012	2011
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 1,008,157	\$ 765,162
Contributions Receivable -	1,250	1,600
Prepaid Expense	79,317	86,903
TOTAL CURRENT ASSETS	\$ 1,088,724	\$ 853,665

 --LIABILITIES AND NET ASSETS--

	DECEMBER 31,	
	2012	2011
CURRENT LIABILITIES:		
Fellowships Payable	\$ 233,500	\$ 208,500
Deferred Revenue	21,900	-
Total Current Liabilities	255,400	208,500
LONG-TERM LIABILITIES:		
Fellowships Payable	264,000	69,000
Total Liabilities	519,400	277,500
NET ASSETS:		
Unrestricted	569,324	576,165
TOTAL LIABILITIES AND NET ASSETS	\$ 1,088,724	\$ 853,665

HOPE FUNDS FOR CANCER RESEARCH
(A NON-PROFIT CORPORATION)
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>Unrestricted 2012</u>	<u>Unrestricted 2011</u>
REVENUE:		
Contributions:		
Annual Fund	\$ 364,333	\$ 223,274
Special Events, Net	<u>286,052</u>	<u>345,061</u>
Total Revenue	<u>650,385</u>	<u>568,335</u>
EXPENSES:		
Program Services:		
Fellowships	576,000	287,984
Science, Medical & Research Information and Communication	33,154	22,614
Honoree Medals and Diplomas	<u>5,836</u>	<u>5,389</u>
Total Program Services	<u>614,990</u>	<u>315,987</u>
Fundraising Expenses	19,879	10,384
Management and General Expenses	<u>24,659</u>	<u>19,673</u>
Total Expenses	<u>659,528</u>	<u>346,044</u>
NET RESULT FROM OPERATING ACTIVITIES	(9,143)	222,291
NON-OPERATING ACTIVITIES:		
Interest Income	<u>2,302</u>	<u>6,240</u>
CHANGE IN NET ASSETS	(6,841)	228,531
NET ASSETS - BEGINNING OF YEAR	<u>576,165</u>	<u>347,634</u>
NET ASSETS - END OF YEAR	<u>\$ 569,324</u>	<u>\$ 576,165</u>

HOPE FUNDS FOR CANCER RESEARCH
(A NON-PROFIT CORPORATION)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (6,841)	\$ 228,531
Changes in Operating Assets and Liabilities:		
Contributions Receivable	350	4,520
Prepaid Expenses	7,586	(72,688)
Deferred Revenue	21,900	(45,000)
Fellowships Payable	220,000	27,252
Net Cash Provided From Operating Activities	242,995	142,615
CASH - BEGINNING OF YEAR	765,162	622,547
CASH - END OF YEAR	\$ 1,008,157	\$ 765,162

HOPE FUNDS FOR CANCER RESEARCH
(A NON-PROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

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 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
(A NON-PROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

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.

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 auditor's report.

HOPE FUNDS FOR CANCER RESEARCH
(A NON-PROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

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, 2012 the cash was invested as follows:

Checking Account with Bank of Newport	\$ 264,146
Savings Account with Bank of Newport	234,216
Savings Account with Washington Trust	2,181
Checking Account with J P Morgan Chase	10,084
Savings Account with J P Morgan Chase	239,407
Money Market Account with Smith Barney	2,427
CD at Washington Trust	<u>255,696</u>
 Total Cash Balances	 \$ <u>1,008,157</u>

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions Receivable represents 2012 donations pledged but not received by December 31, 2012. The Hope Funds believes the amount to be fully collectible in 2013.

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 2013	42,500
Prepaid deposits to secure Gala suppliers and catering for 2013	30,503
Prepaid deposit for 2013 honoree medals	5,600
Office rent deposit	<u>340</u>
	 \$ <u>79,318</u>

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

HOPE FUNDS FOR CANCER RESEARCH
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 5 – FELLOWSHIPS PAYABLE

The Hope Funds conducts a post-doctoral competition each year and awards fellowships typically covering two-year or three-year periods. The Hope Funds account for payments to grantee institutions in respect of Fellowship Expenses by recording such expenses in full at the time the commitment is made with the grantee institution.

In 2012 the Hope Funds awarded three new three-year grants and increased the term of earlier grants for total commitments of \$576,000. Awards payable as of December 31, 2012 total \$497,500 and are expected to be paid as follows:

2013	\$ 233,500
2014	143,500
2015	96,500
2016	<u>24,000</u>
	\$ <u>497,500</u>

NOTE 6 – NET ASSETS - UNRESTRICTED

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.

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, 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 will be held at the Metropolitan Museum of Art in New York City.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 8 – SPECIAL EVENTS (CONTD)

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. Prior events have brought together more than 150 trustees, advisors, scientists, physicians and friends of the Hope Funds. In 2012 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 2012 the Hope Funds hosted a 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. This was a memorable opportunity to showcase the work and achievements of the Fellows, their Mentors and Advisors.

Gross proceeds from the two Special Events in 2012 from sources including ticket prices, corporate support and individual donations totaled \$378,200. Total costs for these events amounted to \$92,148, or 24.4% of contributions to the Special Events.

NOTE 9 - SCIENCE, MEDICAL & RESEARCH INFORMATION AND COMMUNICATIONS

Expenses in this category amounted to \$22,614 in 2011 and \$33,154 in 2012. 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, 2012 and 2011, reflect no cash payment for interest or taxes.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The Hope Funds currently leases office space on a month to month basis. At December 31, 2012 there were no leasehold commitments or financial contingencies.

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.