The Ira Sohn Conference Foundation, Inc.

Financial Statements
Years Ended December 31, 2013 and 2012

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Contents

Independent Auditor's Report

Board of Directors
The Ira Sohn Conference Foundation, Inc.

We have audited the accompanying financial statements of The Ira Sohn Conference Foundation, Inc., which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Ira Sohn Conference Foundation, Inc. as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

September 30, 2014

The Ira Sohn Conference Foundation, Inc.

Statements of Financial Position

December 31,	**2013**	2012
Assets		
Cash and cash equivalents	**$2,640,166**	$4,444,428
Investments in securities, at fair value (cost $2,464,438 and $1,444,741)	**3,003,653**	1,906,274
Contributions receivable	**87,000**	105,750
Prepaid expenses and other assets	**40,207**	11,984
Interest and dividends receivable	**6,591**	5,573
Total Assets	**$5,777,617**	$6,474,009
Liabilities and Net Assets		
Liabilities:		
Accrued expenses	**$ 15,000**	$ 50,000
Commitments (Note 5)		
Net Assets:		
Unrestricted net assets	**5,762,617**	6,424,009
Total Liabilities and Net Assets	**$5,777,617**	$6,474,009

See accompanying notes to financial statements.

The Ira Sohn Conference Foundation, Inc.

Statements of Activities
(Unrestricted)

Year ended December 31,	**2013**	2012
Revenues and Other Support:		
Contributions	**$2,986,547**	$3,097,410
Dividend income, net	**28,779**	37,156
Interest income	**2,835**	6,076
Other income	**-**	43,784
Net realized gains from investments	**1,110**	355
Net change in unrealized gain on investments	**77,682**	145,619
Total Revenues and Other Support	**3,096,953**	3,330,400
Expenses:		
Program services:		
Grants	**2,718,035**	2,598,774
Conference expense	**758,729**	511,781
Bad debt expense	**38,800**	-
Total Program Services	**3,515,564**	3,110,555
Supporting services:		
Professional fees	**117,252**	118,710
Salaries and employee benefits	**26,317**	-
General and administrative	**99,212**	49,961
Total Supporting Services	**242,781**	168,671
Total Expenses	**3,758,345**	3,279,226
Change in Net Assets	**(661,392)**	51,174
Net Assets, Beginning of Year	**6,424,009**	6,372,835
Net Assets, End of Year	**$5,762,617**	$6,424,009

See accompanying notes to financial statements.

The Ira Sohn Conference Foundation, Inc.

Statements of Cash Flows

Year ended December 31,	**2013**	2012
Cash Flows From Operating Activities:		
Change in net assets	**$ (661,392)**	$ 51,174
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net change in unrealized gain on investments	**(77,682)**	(145,619)
Net realized gains from investments	**(1,110)**	(355)
(Increase) decrease in assets:		
Contributions receivable	**18,750**	(105,750)
Prepaid expenses and other assets	**(28,223)**	34,098
Interest and dividends receivable	**(1,018)**	(5,573)
Decrease in liabilities:		
Grants payable	**-**	(300,000)
Accrued expenses	**(35,000)**	-
Total Adjustments	**(124,283)**	(523,199)
Net Cash Used In Operating Activities	**(785,675)**	(472,025)
Cash Flows From Investing Activities:		
Purchases of investments	**(1,019,697)**	(25,767)
Proceeds from sale of investments	**1,110**	355
Net Cash Used In Investing Activities	**(1,018,587)**	(25,412)
Net Decrease in Cash and Cash Equivalents	**(1,804,262)**	(497,437)
Cash and Cash Equivalents, Beginning of Year	**4,444,428**	4,941,865
Cash and Cash Equivalents, End of Year	**$ 2,640,166**	$4,444,428

See accompanying notes to financial statements.

1. Nature of Organization

The Ira Sohn Conference Foundation, Inc. (the "Foundation") is a non-sectarian, not-for-profit organization chartered in the state of Delaware as a 501a(3) corporation. The Foundation was established for, but not limited to, medical research related to and in connection with pediatric cancer and other pediatric health care causes. The Foundation accomplishes its objectives through the operation of one fund-raising activity that takes place once every year entitled the Ira W. Sohn Investment Research Conference (the "Conference"). The attendees as well as many of the speakers all contribute to the Foundation through pledges and/or cash donations.

2. Significant Accounting Policies

(a) Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis. In the statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

(b) Financial Statement Presentation

The classification of the Foundation's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

The classes of net assets are defined as follows:

(i) **Permanently Restricted -** Net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation pursuant to those stipulations.

(ii) **Temporarily Restricted -** Net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.

(iii) **Unrestricted -** The part of net assets that is neither permanently nor temporary restricted by donor-imposed stipulations.

There were no restricted net assets as of December 31, 2013 and 2012.

(c) Cash and Cash Equivalents

The Foundation considers all highly liquid investments, with original maturities of ninety days or less when purchased, as cash equivalents. Cash and cash equivalents include investments in money market funds which are valued at net asset value. The net asset value per share of these money market investments is expected to remain constant at $1.00 and the funds are considered to be highly liquid. Cash and cash equivalents held at financial institutions, at times, may exceed the amount insured by the Federal Deposit Insurance Corporation.

(d) Investment Transactions

The Foundation records investment transactions based on the trade date. Realized gains and losses from investment transactions are determined on a best tax lot basis. Dividend income, net of withholding taxes, and dividend expense are recognized on the ex-dividend date; and interest income and expense are recognized on an accrual basis. Withholding taxes on foreign dividends have been provided for in accordance with the Foundation's understanding of the applicable country's tax rules and rates.

(e) Valuation of Investments

Listed securities are valued at the last reported sales price on the date of determination on the principal exchange on which such securities are traded or, if not available, at the last bid price if held long and the last ask price if sold short.

Investments in open-ended mutual funds are valued at their net asset value at the close of each business day.

(f) Fair Value of Financial Instruments

The fair values of the Foundation's assets and liabilities, which qualify as financial instruments under accounting principles generally accepted in the United States of America ("U.S. GAAP"), approximate the carrying amounts presented on the statements of financial position.

(g) Fair Value Measurement

The Foundation values all investments at fair value. U.S. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the investment based on available market data. Unobservable inputs are inputs that reflect the Foundation's assumptions about the factors market participants would use in valuing the investment based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical investments.

Level 2 - Valuations based on (i) quoted prices in markets that are not active; (ii) quoted prices for similar investments in active markets; and (iii) inputs other than quoted prices that are observable or inputs derived from or corroborated by market data.

Level 3 - Valuations based on inputs that are unobservable, supported by little or no market activity, and significant to the overall fair value measurement.

The availability of observable inputs can vary from investment to investment and is affected by a wide variety of factors, such as, the type of product, whether the product is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Management's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

(h) *Allowance for Doubtful Accounts*

The Foundation writes off individual contributions receivable when they are determined to be uncollectible. The Foundation has evaluated outstanding balances and considers there to be no material uncollectible accounts at December 31, 2013 or 2012.

(i) *Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires the Foundation to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of gains (losses), income and expenses during the reporting period. Actual results could differ from those estimates.

(j) *Contributions*

Contributions are recorded as revenue when either unsolicited cash is received or when donors make a promise to give.

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions with purpose or time restrictions (defined by management as unrestricted amounts due in more than one year) are reported as increases in temporarily restricted net assets. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. During the years ended December 31, 2013 and 2012, all the contributions that were received by the Foundation were unrestricted. Contributions of assets other than cash are recorded at the estimated fair value.

(k) *Contributed Services*

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

For the years ended December 31, 2013 and 2012, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

(l) *Promises to Give*

A promise to give may be either conditional or unconditional. Unconditional promises to give are accrued and recognized as an expense in the period they are made, which is generally when the Board of Directors approves a specific grant or when the recipient of the promise is notified. Conditional promises to give are not recognized until the conditions are substantially met. If the Board of Directors explicitly reserves the right to rescind an intention to contribute, or if a solicitation explicitly allows the Foundation to rescind the intention, a promise to give should not be recognized by the Foundation. Grants issued are measured at fair value and are recorded as grants and grants payable on the statements of activities and statements of financial position, respectively.

(m) Income Taxes

The Foundation is a charitable organization that was incorporated in the State of Delaware and has received a letter of determination from the Internal Revenue Service ("IRS") stating that the Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, the Foundation has made no provision for income taxes in the accompanying financial statements. Under this ruling from the IRS, the Foundation is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code, therefore, it is classified as a public charity. There was no unrelated business income for the years ended December 31, 2013 and 2012.

The Foundation adopted the provisions of ASC 740, "Income Taxes", on January 1, 2009. Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained upon examination by a taxing authority. The implementation of ASC 740 had no impact on the Foundation's financial statements. The Foundation does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Foundation has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Foundation has filed Internal Revenue Service Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the years ended December 31, 2013 and 2012, there were no interest or penalties recorded or included in the statement of activities. The Foundation is subject to routine audits by a taxing authority. As of December 31, 2013 and 2012, the Foundation was not subject to any examination by a taxing authority. Management believes it is no longer subject to income tax examination for the years prior to 2010.

3. Risk Factors

The Foundation's financial instruments are subject to, but are not limited to, the following risks:

Market Risk

Market risk represents the potential loss that can be caused by a change in the fair value of a financial instrument.

Credit Risk

Credit risk represents the potential loss that the Foundation would incur if the counterparties failed to perform pursuant to the terms of their obligations to the Foundation. The Foundation minimizes its exposure to credit risk by conducting transactions with an established, reputable broker. Counterparty exposure is monitored on a regular basis.

The clearing and depository operations for the Foundation's securities transactions are provided by JP Morgan. This broker is a member of major securities exchanges. The Foundation is subject to credit risk should the broker be unable to fulfill its obligations.

The cash at the broker, at times, may exceed the amount insured by the Securities Investor Protection Corporation.

Liquidity Risk

Liquidity risk represents the possibility that the Foundation may not be able to sell its positions in times of low trading volume, high volatility and financial stress at a reasonable price.

Interest Rate Risk

Interest rate risk represents the effect from a change in interest rates, which could result in an adverse change in the fair value of an interest-bearing financial instrument.

4. Financial Instruments and Fair Value

The following represents the hierarchy of the Foundation's financial instruments' fair value measurements as of December 31, 2013 and 2012:

December 31, 2013

	Fair Value Hierarchy		
	Level 1	Level 2	Balance
Assets			
Investments in securities:			
Common stock	**$581,585**	**$ -**	**$ 581,585**
Mutual funds:			
JPMorgan Short Duration Bond Fund Class A	**-**	**1,416,078**	**1,416,078**
JPMorgan Strategic Income Opportunities Fund	**-**	**1,005,990**	**1,005,990**
Total investments in securities	**$581,585**	**$2,422,068**	**$3,003,653**

December 31, 2012

	Fair Value Hierarchy		
	Level 1	Level 2	Balance
Assets			
Investments in securities:			
Common stock	$491,807	$ -	$ 491,807
Mutual fund:			
JPMorgan Short Duration Bond Fund Class A	-	1,414,467	1,414,467
Total investments in securities	$491,807	$1,414,467	$1,906,274

5. Commitments

The Foundation has agreements with several hospitals and research institutions to fund various research programs, pediatric fellowship awards and therapies for children with cancer.

Conditional grants under the above agreements existing as of December 31, 2013 amounted to $8,355,242. As of December 31, 2013, $3,084,782 of these conditional commitments are outstanding and will be due when conditions, as disclosed in corresponding agreements, are substantially met.

6. Subsequent Events

Management has evaluated subsequent events through September 30, 2014, the date the financial statements were available to be issued. Management has determined that there are no material events that would require adjustment to, or disclosure in, the Foundation's financial statements other than those listed below.

For the period January 1, 2014 through September 30, 2014, the Foundation entered into three new grant agreements with various hospitals and research centers, totaling $2,507,000. Of this amount, $20,000 were unconditional promises to give and due upon signing of the agreements. The remaining $2,487,000 is contingent upon satisfactory completion of conditions outlined in the corresponding agreements. These amounts will be recognized when all conditions are substantially met.