

**The Ira Sohn Conference
Foundation, Inc.**

Financial Statements
Years Ended December 31, 2014 and 2013

The Ira Sohn Conference Foundation, Inc.

Contents

Independent Auditor's Report	3
Financial Statements:	
Statements of Financial Position as of December 31, 2014 and 2013	4
Statements of Activities for the Years Ended December 31, 2014 and 2013	5
Statements of Cash Flows for the Years Ended December 31, 2014 and 2013	6
Notes to Financial Statements	7-12



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, 2014 and 2013, 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, 2014 and 2013, 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.

BDO USA, LLP

October 4, 2015

The Ira Sohn Conference Foundation, Inc.

Statements of Financial Position

<i>December 31,</i>	2014	2013
Assets		
Cash and cash equivalents	\$3,654,925	\$2,640,166
Investments in securities, at fair value (cost \$2,467,078 and \$2,464,438)	2,892,949	3,003,653
Contributions receivable, net	743,800	87,000
Prepaid expenses and other assets	2,964	40,207
Interest and dividends receivable	1,832	6,591
Total Assets	\$7,296,470	\$5,777,617
Liabilities and Net Assets		
Liabilities:		
Accrued expenses	\$ 178,366	\$ 15,000
Grants payable	471,800	-
Commitments (Note 6)		
Net Assets:		
Unrestricted net assets	5,174,504	5,762,617
Unrestricted net assets - board designated	1,000,000	-
Temporarily restricted net assets	471,800	-
Total Liabilities and Net Assets	\$7,296,470	\$5,777,617

See accompanying notes to financial statements.

The Ira Sohn Conference Foundation, Inc.

Statements of Activities

<i>Year ended December 31,</i>	2014			2013
	Unrestricted	Temporarily Restricted	Total	Total
Revenues and Other Support:				
Contributions	\$3,069,607	\$1,010,000	\$4,079,607	\$2,986,547
Dividend income, net	36,062	-	36,062	28,779
Interest income	2,376	-	2,376	2,835
Other income	229	-	229	-
Net realized gains from investments	231,157	-	231,157	1,110
Net change in unrealized gain on investments	(113,344)	-	(113,344)	77,682
Net assets released from restrictions	538,200	(538,200)	-	-
Total Revenues and Other Support	3,764,287	471,800	4,236,087	3,096,953
Expenses:				
Program services:				
Grants	2,170,833	-	2,170,833	2,718,035
Conference expense	733,402	-	733,402	758,729
Bad debt expense	5,500	-	5,500	38,800
Total Program Services	2,909,735	-	2,909,735	3,515,564
Supporting services:				
Professional fees	119,786	-	119,786	117,252
Salaries and employee benefits	168,392	-	168,392	26,317
General and administrative	154,487	-	154,487	99,212
Total Supporting Services	442,665	-	442,665	242,781
Total Expenses	3,352,400	-	3,352,400	3,758,345
Change in Net Assets	411,887	471,800	883,687	(661,392)
Net Assets, Beginning of Year	5,762,617	-	5,762,617	6,424,009
Net Assets, End of Year	\$6,174,504	\$471,800	\$6,646,304	\$5,762,617

See accompanying notes to financial statements.

The Ira Sohn Conference Foundation, Inc.

Statements of Cash Flows

<i>Year ended December 31,</i>	2014	2013
Cash Flows From Operating Activities:		
Change in net assets	\$ 883,687	\$ (661,392)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized gains from investments	(231,157)	(1,110)
Net change in unrealized gain on investments	113,344	(77,682)
(Increase) decrease in assets:		
Contributions receivable, net	(656,800)	18,750
Prepaid expenses and other assets	37,243	(28,223)
Interest and dividends receivable	4,759	(1,018)
Increase (decrease) in liabilities:		
Accrued expenses	163,366	(35,000)
Grants payable	471,800	-
Total Adjustments	(97,445)	(124,283)
Net Cash Provided By (Used In) Operating Activities	786,242	(785,675)
Cash Flows From Investing Activities:		
Purchases of investments	(32,729)	(1,019,697)
Proceeds from sale of investments	261,246	1,110
Net Cash Provided By (Used In) Investing Activities	228,517	(1,018,587)
Net Increase (Decrease) in Cash and Cash Equivalents	1,014,759	(1,804,262)
Cash and Cash Equivalents, Beginning of Year	2,640,166	4,444,428
Cash and Cash Equivalents, End of Year	\$ 3,654,925	\$ 2,640,166

See accompanying notes to financial statements.

The Ira Sohn Conference Foundation, Inc.

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 as net assets released from restrictions.
- (iii) **Unrestricted** - The part of net assets that is neither permanently nor temporary restricted by donor-imposed stipulations.
- (iv) **Unrestricted - Board Designated** - Net assets consisting of cash and cash equivalents contributed to the Foundation which are designated by the Board of Directors of the Foundation.

(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 totaling \$2,386,692 and \$2,383,316 at December 31, 2014 and 2013, respectively. 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

The Ira Sohn Conference Foundation, Inc.

Notes to Financial Statements

liquid. Cash and cash equivalents held at financial institutions, at times, may exceed the amount insured by the Federal Deposit Insurance Corporation.

The board voted that the Foundation's cash and cash equivalents be maintained at a minimum level of \$1.0 million and not to be committed to grants or other Foundation costs, with one exception that the board might consider making a grant against this reserve of up to \$250,000 if a compelling quality-of-care grant presents itself in 2014. No grants are made against the reserve and the Foundation has cash in excess of the reserve by approximately \$2.7 million in 2014.

(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 Ira Sohn Conference Foundation, Inc.

Notes to Financial Statements

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) 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 significantly differ from those estimates.

(i) Contributions

Contributions are recorded as revenue when either unsolicited cash is received or when donors make an unconditional 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. Contributions of assets other than cash are recorded at the estimated fair value.

The Foundation writes off individual contributions receivable or establishes a reserve when they are determined to be uncollectible. During the years ended December 31, 2014 and 2013, the uncollectible contributions receivables of \$5,500 and \$38,800, respectively, were written off.

(j) 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, 2014 and 2013, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

(k) 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.

The Ira Sohn Conference Foundation, Inc.

Notes to Financial Statements

(l) Grants Payable

Grants authorized but unpaid at year end are reported as liabilities. Grants payable consisted of amounts which are payable within one year. As of December 31, 2014 and 2013, grants payable totaled \$471,800 and \$0, 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, 2014 and 2013.

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, 2014 and 2013, 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, 2014 and 2013, 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 2011.

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 Ira Sohn Conference Foundation, Inc.

Notes to Financial Statements

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, 2014 and 2013:

December 31, 2014

	Fair Value Hierarchy		Balance
	Level 1	Level 2	
Assets			
Investments in securities:			
Common stock	\$156,634	\$ -	\$ 156,634
Mutual funds:			
JPMorgan Short Duration Bond Fund			
Class A	-	1,426,689	1,426,689
JPMorgan Strategic Income			
Opportunities Fund	-	1,009,563	1,009,563
Alternative asset:			
General Growth Properties Inc	-	300,063	300,063
Total investments in securities	\$156,634	\$2,736,315	\$2,892,949

December 31, 2013

	Fair Value Hierarchy		Balance
	Level 1	Level 2	
Assets			
Investments in securities:			
Common stock	\$581,585	\$ -	\$ 581,585
Mutual fund:			
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

The Ira Sohn Conference Foundation, Inc.

Notes to Financial Statements

5. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes for future periods at December 31, 2014:

December 31, 2014

Damon Runyon Cancer Research Foundation	\$1,000,000
Elena Simon Research	10,000
	<hr/>
	\$1,010,000

Net assets were released from donor restrictions in 2014 by incurring expenses satisfying the restricted purposes specified by donors:

December 31, 2014

Damon Runyon Cancer Research Foundation	\$528,200
Elena Simon Research	10,000
	<hr/>
	\$538,200

6. 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, 2014 amounted to \$7,993,390. As of December 31, 2014, \$3,700,949 of these conditional commitments are outstanding and will be due when conditions, as disclosed in corresponding agreements, are substantially met.

7. Related Parties

In both 2014 and 2013, Daniel Nir and Douglas Hirsch, who are both members of the Board of Directors, each made contributions of \$100,000 on behalf of their respective family foundations to the Foundation, which is included in contributions on the statement of activities.

8. Subsequent Events

Management has evaluated subsequent events through October 4, 2015, 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, 2015 through October 4, 2015, the Foundation entered into six new grant agreements with various hospitals, research centers and foundation, totaling \$2,705,000. Of this amount, \$1,292,500 were unconditional promises to give and due upon signing of the agreements. The remaining \$1,412,500 is contingent upon satisfactory completion of conditions outlined in the corresponding agreements. These amounts will be recognized when all conditions are substantially met.