

# The Ira Sohn Conference Foundation, Inc.

Financial Statements  
Years Ended December 31, 2015 and 2014

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

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Financial Statements  
Years Ended December 31, 2015 and 2014

# The Ira Sohn Conference Foundation, Inc.

## Contents

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Independent Auditor's Report	3
Financial Statements:	
Statements of Financial Position as of December 31, 2015 and 2014	4
Statements of Activities for the Years Ended December 31, 2015 and 2014	5
Statements of Cash Flows for the Years Ended December 31, 2015 and 2014	6
Notes to Financial Statements	7-13



## 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, 2015 and 2014, 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, 2015 and 2014, 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*

August 12, 2016

# The Ira Sohn Conference Foundation, Inc.

## Statements of Financial Position

<i>December 31,</i>	2015	2014
<b>Assets</b>		
Cash and cash equivalents (Note 2)	\$2,267,538	\$3,654,925
Investments in securities, at fair value (Notes 2, 3 and 4)	2,847,666	2,892,949
Contributions receivable, net (Note 2)	1,000	743,800
Prepaid expenses and other assets	185,162	2,964
Interest and dividends receivable	2,066	1,832
<b>Total Assets</b>	<b>\$5,303,432</b>	<b>\$7,296,470</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accrued expenses	\$ 492,035	\$ 178,366
Grants payable (Note 2)	30,000	471,800
<b>Total Liabilities</b>	<b>522,035</b>	<b>650,166</b>
<b>Commitments (Note 6)</b>		
<b>Net Assets (Note 2):</b>		
Unrestricted net assets	3,751,397	5,174,504
Unrestricted net assets - board designated	1,000,000	1,000,000
Temporarily restricted net assets (Note 5)	30,000	471,800
<b>Total Net Assets</b>	<b>4,781,397</b>	<b>6,646,304</b>
<b>Total Liabilities and Net Assets</b>	<b>\$5,303,432</b>	<b>\$7,296,470</b>

*See accompanying notes to financial statements.*

# The Ira Sohn Conference Foundation, Inc.

## Statements of Activities

*Year ended December 31,*

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenues and Other Support:</b>						
Contributions	\$ 3,801,023	\$ 30,000	\$ 3,831,023	\$3,069,607	\$1,010,000	\$4,079,607
Dividend income	53,983	-	53,983	36,062	-	36,062
Interest income	2,188	-	2,188	2,376	-	2,376
Other income	65	-	65	229	-	229
Net realized gains from investments	-	-	-	231,157	-	231,157
Net change in unrealized loss on investments	(91,540)	-	(91,540)	(113,344)	-	(113,344)
Net assets released from restrictions (Note 5)	471,800	(471,800)	-	538,200	(538,200)	-
<b>Total Revenues and Other Support</b>	<b>4,237,519</b>	<b>(441,800)</b>	<b>3,795,719</b>	<b>3,764,287</b>	<b>471,800</b>	<b>4,236,087</b>
<b>Expenses:</b>						
Program services:						
Grants	3,726,728	-	3,726,728	2,170,833	-	2,170,833
Conference expense	1,224,076	-	1,224,076	733,402	-	733,402
Bad debt expense (Note 2)	15	-	15	5,500	-	5,500
<b>Total Program Services</b>	<b>4,950,819</b>	<b>-</b>	<b>4,950,819</b>	<b>2,909,735</b>	<b>-</b>	<b>2,909,735</b>
Supporting services:						
Professional fees	201,413	-	201,413	119,786	-	119,786
Salaries and employee benefits	215,855	-	215,855	168,392	-	168,392
General and administrative	292,539	-	292,539	154,487	-	154,487
<b>Total Supporting Services</b>	<b>709,807</b>	<b>-</b>	<b>709,807</b>	<b>442,665</b>	<b>-</b>	<b>442,665</b>
<b>Total Expenses</b>	<b>5,660,626</b>	<b>-</b>	<b>5,660,626</b>	<b>3,352,400</b>	<b>-</b>	<b>3,352,400</b>
<b>Change in Net Assets</b>	<b>(1,423,107)</b>	<b>(441,800)</b>	<b>(1,864,907)</b>	<b>411,887</b>	<b>471,800</b>	<b>883,687</b>
<b>Net Assets, Beginning of Year</b>	<b>6,174,504</b>	<b>471,800</b>	<b>6,646,304</b>	<b>5,762,617</b>	<b>-</b>	<b>5,762,617</b>
<b>Net Assets, End of Year</b>	<b>\$ 4,751,397</b>	<b>\$ 30,000</b>	<b>\$ 4,781,397</b>	<b>\$6,174,504</b>	<b>\$471,800</b>	<b>\$6,646,304</b>

*See accompanying notes to financial statements.*

# The Ira Sohn Conference Foundation, Inc.

## Statements of Cash Flows

<i>Year ended December 31,</i>	2015	2014
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$(1,864,907)	\$ 883,687
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Bad debt expense	15	5,500
Net realized gains from investments	-	(231,157)
Net change in unrealized loss on investments	91,540	113,344
(Increase) decrease in assets:		
Contributions receivable	742,785	(662,300)
Prepaid expenses and other assets	(182,198)	37,243
Interest and dividends receivable	(234)	4,759
Increase (decrease) in liabilities:		
Accrued expenses	313,669	163,366
Grants payable	(441,800)	471,800
<b>Net Cash (Used In) Provided By Operating Activities</b>	<b>(1,341,130)</b>	<b>786,242</b>
<b>Cash Flows From Investing Activities:</b>		
Purchases of investments	(46,257)	(32,729)
Proceeds from sale of investments	-	261,246
<b>Net Cash (Used In) Provided By Investing Activities</b>	<b>(46,257)</b>	<b>228,517</b>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>(1,387,387)</b>	<b>1,014,759</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>3,654,925</b>	<b>2,640,166</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 2,267,538</b>	<b>\$3,654,925</b>

*See accompanying notes to financial statements.*

# The Ira Sohn Conference Foundation, Inc.

## Notes to Financial Statements

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### 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 501(c)(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 fundraising 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 of accounting. 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.

# The Ira Sohn Conference Foundation, Inc.

## Notes to Financial Statements

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### *(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 ("NAV") totaling \$587,879 and \$2,385,692 at December 31, 2015 and 2014, respectively. The NAV 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.

The Board of Directors voted that the Foundation's cash and cash equivalents be maintained at a minimum level of \$1.0 million and not be committed to grants or other Foundation costs, with one exception. The Board of Directors might consider making a grant against this reserve of up to \$250,000 if a compelling quality-of-care grant presents itself in 2016. No grants are made against the reserve and the Foundation has cash in excess of the reserve by approximately \$1.3 million as of December 31, 2015.

The Foundation's cash balances exceed the Federal Depository Insurance Coverage ("FDIC") limit. The Foundation does not believe it is exposed to any significant risk from cash and cash equivalents.

### *(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 NAV 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.

# The Ira Sohn Conference Foundation, Inc.

## Notes to Financial Statements

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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) 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, 2015 and 2014, the uncollectible contributions receivables of \$15 and \$5,500, 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, 2015 and 2014, trademark attorneys contributed services to the Foundation, the value of which was not material for recognition and recording in the financial statements.

# The Ira Sohn Conference Foundation, Inc.

## Notes to Financial Statements

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### *(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.

### *(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, 2015 and 2014, grants payable totaled \$30,000 and \$471,800, 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, 2015 and 2014.

The Foundation adopted the provisions of Accounting Standards Codification ("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 IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the years ended December 31, 2015 and 2014, there were no interest or penalties recorded or included in the statements of activities. The Foundation is subject to routine audits by a taxing authority. As of December 31, 2015 and 2014, the Foundation was not subject to any examination by a taxing authority.

### *(n) New Authoritative Accounting Pronouncement*

In May 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-07, "Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)." ASU 2015-07 removes the requirement to categorize within the fair value hierarchy investments for which fair values are estimated using the NAV practical expedient provided by ASC 820, "Fair Value Measurement." Disclosures about investments in certain entities that calculate NAV per share are limited under ASU 2015-07 to those investments for which the entity has elected to estimate the fair value using the NAV practical expedient. ASU 2015-07 is effective for fiscal years beginning

# The Ira Sohn Conference Foundation, Inc.

## Notes to Financial Statements

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after December 15, 2016, with retrospective application to all periods presented. Early application is permitted. The Foundation has elected to early adopt ASU 2015-07.

### 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 Foundation's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with Note 2(b) of the Foundation's policies. The following tables set forth by level within the fair value hierarchy the Foundation's investments measured as of December 31, 2015 and 2014:

	Fair Value Measurement at Reporting Date Using			Balance as of December 31, 2015
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	
<b>Assets</b>				
Marketable equity securities	\$ 426,154	\$-	\$-	\$ 426,154
Publicly-traded mutual funds	2,421,512	-	-	2,421,512
Total	\$2,847,666	\$-	\$-	\$2,847,666

# The Ira Sohn Conference Foundation, Inc.

## Notes to Financial Statements

	Fair Value Measurement at Reporting Date Using			Balance as of December 31, 2014
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	
<b>Assets</b>				
Marketable equity securities	\$ 456,697	\$-	\$-	\$ 456,697
Publicly-traded mutual funds	2,436,252	-	-	2,436,252
<b>Total</b>	<b>\$2,892,949</b>	<b>\$-</b>	<b>\$-</b>	<b>\$2,892,949</b>

During the fiscal year ended December 31, 2015, the Foundation reviewed the categorization of the investments within the fair value hierarchy table and determined that its investments are all Level 1. In the previous fiscal year ended December 31, 2014, \$2,736,315 of the total \$2,892,949 was categorized as Level 2 investments.

The Foundation's cost and fair value of investments are summarized as follows for the years ended December 31, 2015 and 2014:

	2015		2014	
	Fair Value	Cost	Fair Value	Cost
Marketable equity securities	\$ 426,154	\$ 35,084	\$ 456,697	\$ 35,084
Publicly-traded mutual funds	2,421,512	2,479,372	2,436,252	2,431,994
<b>Total</b>	<b>\$2,847,666</b>	<b>\$2,514,456</b>	<b>\$2,892,949</b>	<b>\$2,467,078</b>

### 5. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes for future periods at December 31, 2015 and 2014:

<i>December 31,</i>	2015	2014
Longview's Gold Sponsorship - Sohn London Conference 2016	\$30,000	\$ -
Damon Runyon Cancer Research Foundation	-	471,800
	<b>\$30,000</b>	<b>\$471,800</b>

Net assets were released from donor restrictions in 2015 and 2014 by incurring expenses satisfying the restricted purposes specified by donors.

<i>Year ended December 31,</i>	2015	2014
Damon Runyon Cancer Research Foundation	\$471,800	\$528,200
Elena Simon Research	-	10,000
	<b>\$471,800</b>	<b>\$538,200</b>

# The Ira Sohn Conference Foundation, Inc.

## Notes to Financial Statements

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### 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, 2015 and 2014 amounted to \$8,927,000 and \$7,993,390, respectively. As of December 31, 2015 and 2014, \$4,374,211 and \$3,700,949, respectively, of these conditional commitments are outstanding and will be due when conditions, as disclosed in corresponding agreements, are substantially met.

### 7. Related Parties

In 2015 and 2014, Daniel Nir and Douglas Hirsch, who are both members of the Board of Directors, each made annual contributions of \$100,000 on behalf of their respective family foundations to the Foundation, which are included within contributions on the statements of activities.

### 8. Subsequent Events

The Foundation has evaluated subsequent events through August 12, 2016, 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.