



THE IRA SOHN CONFERENCE FOUNDATION, INC.

Financial Statements

December 31, 2016 and 2015

With Independent Auditors' Report

The Ira Sohn Conference Foundation, Inc.
December 31, 2016 and 2015

TABLE OF CONTENTS	
Independent Auditors' Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Cash Flows	5
Notes to Financial Statements	6-9

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
The Ira Sohn Conference Foundation, Inc.:

We have audited the accompanying financial statements of The Ira Sohn Conference Foundation, Inc. (the "Foundation"), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and changes in net assets and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Year Financial Statements

The financial statements of the Foundation for the year ended December 31, 2015, were audited by another auditor whose report dated August 12, 2016, expressed an unmodified opinion on those financial statements.

Withum Smith + Brown, PC

November 14, 2017

The Ira Sohn Conference Foundation, Inc.
Statements of Financial Position
December 31, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	\$ 876,201	\$ 2,267,538
Investments in securities	2,525,796	2,847,666
Contributions receivable	81,825	1,000
Prepaid expenses	181,541	185,162
Interest and dividends receivable	<u> --</u>	<u> 2,066</u>
 Total assets	 <u>\$ 3,665,363</u>	 <u>\$ 5,303,432</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 21,620	\$ 492,035
Grants payable	--	30,000
Deferred revenue	<u> 70,937</u>	<u> --</u>
Total liabilities	92,557	522,035
Net assets		
Unrestricted	3,537,806	3,751,397
Unrestricted - board designated	--	1,000,000
Temporarily restricted	<u> 35,000</u>	<u> 30,000</u>
Total net assets	<u> 3,572,806</u>	<u> 4,781,397</u>
 Total liabilities and net assets	 <u>\$ 3,665,363</u>	 <u>\$ 5,303,432</u>

The Notes to Financial Statements are an integral part of these statements.

The Ira Sohn Conference Foundation, Inc.
Statements of Activities and Changes in Net Assets
Years Ended December 31, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues						
Contributions	\$ 3,591,784	\$ 35,000	\$ 3,626,784	\$ 3,801,023	\$ 30,000	\$ 3,831,023
In-kind contributions	138,441	--	138,441	--	--	--
Dividend income	64,041	--	64,041	53,983	--	53,983
Interest income	470	--	470	2,188	--	2,188
Other Income	100,009	--	100,009	65	--	65
Net realized gains from investments	375,813	--	375,813	--	--	--
Net unrealized loss on investments	(345,689)	--	(345,689)	(91,540)	--	(91,540)
	<u>3,924,869</u>	<u>35,000</u>	<u>3,959,869</u>	<u>3,765,719</u>	<u>30,000</u>	<u>3,795,719</u>
Temporarily restricted net assets released from restrictions due to satisfaction of restrictions	<u>30,000</u>	<u>(30,000)</u>	<u>--</u>	<u>471,800</u>	<u>(471,800)</u>	<u>--</u>
	<u>3,954,869</u>	<u>5,000</u>	<u>3,959,869</u>	<u>4,237,519</u>	<u>(441,800)</u>	<u>3,795,719</u>
Expenses						
Program services						
Grants	3,160,276	--	3,160,276	3,726,728	--	3,726,728
Conference expenses	1,092,952	--	1,092,952	1,224,076	--	1,224,076
Bad debt expense	--	--	--	15	--	15
	<u>4,253,228</u>	<u>--</u>	<u>4,253,228</u>	<u>4,950,819</u>	<u>--</u>	<u>4,950,819</u>
Support services						
Professional Fees	232,720	--	232,720	201,413	--	201,413
Salaries and fringe benefits	286,355	--	286,355	215,855	--	215,855
General and administrative	<u>396,157</u>	<u>--</u>	<u>396,157</u>	<u>292,539</u>	<u>--</u>	<u>292,539</u>
	<u>915,232</u>	<u>--</u>	<u>915,232</u>	<u>709,807</u>	<u>--</u>	<u>709,807</u>
Total expenses	<u>5,168,460</u>	<u>--</u>	<u>5,168,460</u>	<u>5,660,626</u>	<u>--</u>	<u>5,660,626</u>
Changes in net assets	(1,213,591)	5,000	(1,208,591)	(1,423,107)	(441,800)	(1,864,907)
Net assets, beginning of year	<u>4,751,397</u>	<u>30,000</u>	<u>4,781,397</u>	<u>6,174,504</u>	<u>471,800</u>	<u>6,646,304</u>
Net assets, end of year	<u>\$ 3,537,806</u>	<u>\$ 35,000</u>	<u>\$ 3,572,806</u>	<u>\$ 4,751,397</u>	<u>\$ 30,000</u>	<u>\$ 4,781,397</u>

The Notes to Financial Statements are an integral part of these statements.

The Ira Sohn Conference Foundation, Inc.
Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	2016	2015
Cash flows from operating activities		
Change in net assets	\$ (1,208,591)	(1,864,907)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Bad debt expense	--	15
Net realized gains from investments	(375,813)	--
Net unrealized loss on investments	345,689	91,540
Changes in assets and liabilities		
Contributions receivable	(80,825)	742,785
Prepaid expenses	3,621	(234)
Interest and dividends receivable	2,066	(182,198)
Accounts payable and accrued expenses	(470,415)	313,669
Grants payable	(30,000)	(441,800)
Deferred revenue	70,937	--
Net cash used by operating activities	<u>(1,743,331)</u>	<u>(1,341,130)</u>
Cash flows from investing activities		
Purchases of investments	(58,902)	(46,257)
Sales of investments	410,896	--
Net cash provided (used) by investing activities	<u>351,994</u>	<u>(46,257)</u>
Net change in cash	(1,391,337)	(1,387,387)
Cash		
Beginning of year	<u>2,267,538</u>	<u>3,654,925</u>
End of year	<u>\$ 876,201</u>	<u>\$ 2,267,538</u>

The Ira Sohn Conference Foundation, Inc.
Notes to Financial Statements
December 31, 2016 and 2015

1. ORGANIZATION AND PURPOSE

The Ira Sohn Conference Foundation, Inc. (the "Foundation") is a non-sectarian, Delaware not-for-profit corporation. The Foundation is dedicated to the treatment and cure of pediatric cancer and other childhood diseases. The Foundation supports cutting-edge medical research, state-of-the-art research equipment, and innovative programs to ensure children with cancer survive and thrive.

2. SUMMARY OF ACCOUNTING POLICIES

Basis of Presentation

Financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. During the years ended December 31, 2016 and 2015, the Foundation had accounting transactions in the unrestricted and temporarily restricted net assets categories based upon the existence or absence of donor-imposed restrictions.

Revenue and Support Recognition

Contributions are recognized as revenues when they are received or unconditionally pledged and are recorded as unrestricted or restricted support according to donor stipulations that limit the use of these assets due to time or purpose restrictions.

When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as satisfaction of time and purpose restrictions. If a contribution is received and the restriction is met within the same fiscal year, the contribution is reported as unrestricted.

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 year ended December 31, 2016, \$138,441 was received in contributed services. For the year ended December 31, 2015, trademark attorneys contributed services to the Foundation, the value of which was not material for recognition and recording in the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash in banks, highly liquid investments with a maturity of three months or less at the date of acquisition, and money market accounts.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at market value in the statements of financial position. The fair values for equity securities and debt securities are based on quoted market prices.

Gains and losses on dispositions of investments are accounted for on the specific identification basis. Net realized and unrealized gains and losses are included in the statements of activities and changes in net assets.

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash, pledges receivable, accounts payable and accrued expenses approximate their fair values because of the relatively short maturity of these instruments.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for Federal income taxes. There were no uncertain tax positions at December 31, 2016 and 2015. There are no tax related penalties and interest recorded for the years ended December 31, 2016 and 2015.

Concentrations of Risk

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.

New Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-14 - Not-for-profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-profit Entities*. ASU 2016-14, which is effective for fiscal years beginning after December 15, 2017 with early adoption permitted will require a change to two areas of not-for-profit accounting and significant new financial statement presentation and disclosure requirements. Under ASU 2016-14 (the "ASU"), underwater endowment funds will be accounted for within net assets with donor restrictions and not within net assets without donor restrictions, as is the current practice. In addition, the ASU eliminates the accounting policy election to release donor-imposed restrictions over the useful life of donated property and equipment when the donor does not explicitly specify the period of time the property must be used. Instead, entities will be required to relieve the donor's restrictions at the time the asset is placed in service.

In addition to the above disclosures, the ASU changes the presentation and disclosure requirements of not-for-profit entities in the following areas: expense disclosures, display of net asset classes, cash flow presentation, quantitative and qualitative liquidity disclosures and presentation of investment returns. The Foundation is currently evaluating the impact the new pronouncement will have on its future financial statements.

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 fair value of a financial instrument.

Credit Risk

Credit Risk represents the potential loss that 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.

The Ira Sohn Conference Foundation, Inc.
Notes to Financial Statements
December 31, 2016 and 2015

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. INVESTMENTS

The Foundation has provided fair value disclosure information for relevant assets and liabilities in these financial statements. For applicable assets (liabilities) subject to this pronouncement, the Foundation will value such assets (liabilities) using quoted market prices in active markets for identical assets to the extent possible (Level 1). To the extent that such market prices are not available, the Foundation will next attempt to value such assets (liabilities) using observable measurement criteria, including quoted market prices of similar assets (liabilities) in active and inactive markets and other corroborated factors (Level 2). In the event that quoted market prices in active markets and other observable measurement criteria are not available, the Foundation will develop measurement criteria based on the best information available (Level 3).

	2016			
	Total	Quoted Prices in Active Markets (Level 1)	Observable Measurement Criteria (Level 2)	Unobservable Measurement Criteria (Level 3)
Mutual funds	\$ 2,525,796	\$ 2,525,796	\$ --	\$ --

	2015			
	Total	Quoted Prices in Active Markets (Level 1)	Observable Measurement Criteria (Level 2)	Unobservable Measurement Criteria (Level 3)
Marketable equity securities	\$ 426,154	\$ 426,154	\$ --	\$ --
Mutual funds	2,421,512	2,421,512	--	--
	<u>\$ 2,847,666</u>	<u>\$ 2,847,666</u>	<u>\$ --</u>	<u>\$ --</u>

5. NET ASSETS

Components of net assets at December 31, were as follows:

	2016	2015
Temporarily restricted net assets		
Sohn London Conference	<u>\$ 35,000</u>	<u>\$ 30,000</u>

The Ira Sohn Conference Foundation, Inc.
Notes to Financial Statements
December 31, 2016 and 2015

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by the donor as follows:

	2016	2015
Sohn London Conference	\$ 30,000	\$ --
Damon Runyon Cancer Research Foundation	<u> --</u>	<u> 471,800</u>
	<u>\$ 30,000</u>	<u>\$ 471,800</u>

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, 2016 and 2015 amounted to \$11,409,213 and \$8,927,000, respectively. As of December 31, 2016 and 2015, \$3,738,935 and \$4,374,211, respectively, of these conditional commitments are outstanding and will be due when conditions, as disclosed in corresponding agreements, are substantially met.

7. RELATED PARTY TRANSACTIONS

The Foundation received current contributions from its board members totaling \$155,000 and \$200,000 for the years ended December 31, 2016 and 2015, respectively.

8. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events occurring after the statement of financial position date through the date of November 14, 2017, which is the date the financial statements were available to be issued. Based on this evaluation, the Foundation has determined that no subsequent events have occurred, which require disclosure in the financial statements.