



THE IRA SOHN CONFERENCE FOUNDATION, INC.

Financial Statements

December 31, 2017 and 2016

With Independent Auditors' Report

The Ira Sohn Conference Foundation, Inc.
December 31, 2017 and 2016

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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 statements of financial position as of December 31, 2017 and 2016 and the related statements of activities and changes in net assets 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.

Auditors' 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 audits 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, 2017 and 2016, 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.



November 5, 2018

The Ira Sohn Conference Foundation, Inc.
Statements of Financial Position
December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	\$ 698,467	\$ 876,201
Investments in securities	2,061,869	2,525,796
Contributions receivable	9,300	81,825
Prepaid expenses	<u>113,905</u>	<u>181,541</u>
Total assets	<u>\$ 2,883,541</u>	<u>\$ 3,665,363</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 32,459	\$ 21,620
Deferred revenue	<u>75,515</u>	<u>70,937</u>
Total liabilities	107,974	92,557
Net assets		
Unrestricted	2,601,947	3,537,806
Temporarily restricted	<u>173,620</u>	<u>35,000</u>
Total net assets	<u>2,775,567</u>	<u>3,572,806</u>
Total liabilities and net assets	<u>\$ 2,883,541</u>	<u>\$ 3,665,363</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, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues						
Contributions	\$ 3,620,989	\$ 173,620	\$ 3,794,609	\$ 3,591,784	\$ 35,000	\$ 3,626,784
In-kind contributions	85,000	--	85,000	15,000	--	15,000
Dividend income	42,698	--	42,698	64,041	--	64,041
Interest income	575	--	575	470	--	470
Other income	211,079	--	211,079	223,450	--	223,450
Net realized (losses) gains from investments	(8,159)	--	(8,159)	375,813	--	375,813
Net unrealized gains (losses) on investments	7,419	--	7,419	(345,689)	--	(345,689)
	<u>3,959,601</u>	<u>173,620</u>	<u>4,133,221</u>	<u>3,924,869</u>	<u>35,000</u>	<u>3,959,869</u>
Temporarily restricted net assets released from restrictions due to satisfaction of restrictions	<u>35,000</u>	<u>(35,000)</u>	<u>--</u>	<u>30,000</u>	<u>(30,000)</u>	<u>--</u>
	<u>3,994,601</u>	<u>138,620</u>	<u>4,133,221</u>	<u>3,954,869</u>	<u>5,000</u>	<u>3,959,869</u>
Expenses						
Program services						
Grants	2,866,221	--	2,866,221	3,160,276	--	3,160,276
Conference expenses	1,308,741	--	1,308,741	1,092,952	--	1,092,952
	<u>4,174,962</u>	<u>--</u>	<u>4,174,962</u>	<u>4,253,228</u>	<u>--</u>	<u>4,253,228</u>
Support services						
Professional fees	283,676	--	283,676	232,720	--	232,720
Salaries and fringe benefits	205,233	--	205,233	286,355	--	286,355
General and administrative	266,589	--	266,589	396,157	--	396,157
	<u>755,498</u>	<u>--</u>	<u>755,498</u>	<u>915,232</u>	<u>--</u>	<u>915,232</u>
Total expenses	<u>4,930,460</u>	<u>--</u>	<u>4,930,460</u>	<u>5,168,460</u>	<u>--</u>	<u>5,168,460</u>
Changes in net assets	(935,859)	138,620	(797,239)	(1,213,591)	5,000	(1,208,591)
Net assets, beginning 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>
Net assets, end of year	<u>\$ 2,601,947</u>	<u>\$ 173,620</u>	<u>\$ 2,775,567</u>	<u>\$ 3,537,806</u>	<u>\$ 35,000</u>	<u>\$ 3,572,806</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, 2017 and 2016

	2017	2016
Cash flows from operating activities		
Changes in net assets	\$ (797,239)	\$ (1,208,591)
Adjustments to reconcile changes in net assets to net cash used by operating activities		
Net realized losses (gains) from investments	8,159	(375,813)
Net unrealized (gains) losses on investments	(7,419)	345,689
Changes in assets and liabilities		
Contributions receivable	72,525	(80,825)
Prepaid expenses	67,636	3,621
Interest and dividends receivable	--	2,066
Accounts payable and accrued expenses	10,839	(470,415)
Grants payable	--	(30,000)
Deferred revenue	4,578	70,937
Net cash used by operating activities	<u>(640,921)</u>	<u>(1,743,331)</u>
Cash flows from investing activities		
Purchases of investments	(36,813)	(58,902)
Sales of investments	500,000	410,896
Net cash provided by investing activities	<u>463,187</u>	<u>351,994</u>
Net change in cash and cash equivalents	(177,734)	(1,391,337)
Cash and cash equivalents		
Beginning of year	<u>876,201</u>	<u>2,267,538</u>
End of year	<u>\$ 698,467</u>	<u>\$ 876,201</u>

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

The Ira Sohn Conference Foundation, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

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, 2017 and 2016, 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.

In-kind Contributions

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, 2017 and 2016, \$85,000 and \$15,000, respectively was received in contributed services.

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 in Securities

Investments in equity securities mutual funds 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 mutual funds 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.

Deferred Revenue

Deferred revenue consists of fees collected for conferences occurring in the next fiscal year.

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash and cash equivalents, investment in securities, contributions 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.

The Ira Sohn Conference Foundation, Inc.
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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, 2017 and 2016. There are no tax related penalties and interest recorded for the years ended December 31, 2017 and 2016.

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.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements. The reclassifications had no effect on the changes in net assets.

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.

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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. INVESTMENTS IN SECURITIES

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).

	2017			
	Total	Quoted Prices in Active Markets (Level 1)	Observable Measurement Criteria (Level 2)	Unobservable Measurement Criteria (Level 3)
Mutual funds	<u>\$ 2,061,869</u>	<u>\$ 2,061,869</u>	<u>\$ --</u>	<u>\$ --</u>
	2016			
	Total	Quoted Prices in Active Markets (Level 1)	Observable Measurement Criteria (Level 2)	Unobservable Measurement Criteria (Level 3)
Mutual funds	<u>\$ 2,525,796</u>	<u>\$ 2,525,796</u>	<u>\$ --</u>	<u>\$ --</u>

5. NET ASSETS

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

	2017	2016
Temporarily restricted net assets		
Sohn Tel Aviv Conference	\$ 77,631	\$ --
Sohn Foundation London	--	35,000
Sohn Monaco Conference	95,989	--
	<u>\$ 173,620</u>	<u>\$ 35,000</u>

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

	2017	2016
Sohn Foundation London	<u>\$ 35,000</u>	<u>\$ 30,000</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, 2017 and 2016 amounted to \$10,915,680 and \$11,409,213, respectively. As of December 31, 2017 and 2016, \$2,833,023 and \$3,727,935, respectively, of these conditional commitments are outstanding and will be due when conditions, as disclosed in corresponding agreements, are substantially met. When conditions are met for the conditional grants funds will be available from contributions.

7. RELATED PARTY TRANSACTIONS

The Foundation received current contributions from its board members totaling \$200,000 and \$155,000 for the years ended December 31, 2017 and 2016, respectively.

8. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events occurring after the statement of financial position date through the date of November 5, 2018, 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.