



THE IRA SOHN CONFERENCE FOUNDATION, INC.
Financial Statements
December 31, 2018 and 2017
With Independent Auditors' Report

The Ira Sohn Conference Foundation, Inc.
Table of Contents
December 31, 2018 and 2017

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	6-11

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, 2018 and 2017, 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, 2018 and 2017, 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.

Emphasis of Matter

As discussed in Note 3, in 2018, The Ira Sohn Conference Foundation, Inc. adopted the Financial Accounting Standards Board, Accounting Standards Update 2016-14, *Not-for-Profit Entities* (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Withum Smith + Brown, PC

November 4, 2019

The Ira Sohn Conference Foundation, Inc.
Statements of Financial Position
December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 806,841	\$ 698,467
Investments in securities	2,075,406	2,061,869
Contributions receivable	48,945	9,300
Prepaid expenses	<u>49,618</u>	<u>113,905</u>
Total assets	<u>\$ 2,980,810</u>	<u>\$ 2,883,541</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 19,129	\$ 32,459
Deferred revenue	<u>57,500</u>	<u>75,515</u>
Total liabilities	76,629	107,974
Net assets		
Without donor restrictions	2,579,181	2,601,947
With donor restrictions	<u>325,000</u>	<u>173,620</u>
Total net assets	<u>2,904,181</u>	<u>2,775,567</u>
Total liabilities and net assets	<u>\$ 2,980,810</u>	<u>\$ 2,883,541</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, 2018 and 2017**

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues						
Contributions	\$ 3,415,418	\$ 325,000	\$ 3,740,418	\$ 3,620,989	\$ 173,620	\$ 3,794,609
In-kind contributions	--	--	--	85,000	--	85,000
Dividend income	49,403	--	49,403	42,698	--	42,698
Interest income	9,001	--	9,001	575	--	575
Other income	5	--	5	211,079	--	211,079
Net realized losses from investments	(4,777)	--	(4,777)	(8,159)	--	(8,159)
Net unrealized gains (losses) on investments	(27,905)	--	(27,905)	7,419	--	7,419
	<u>3,441,145</u>	<u>325,000</u>	<u>3,766,145</u>	<u>3,959,601</u>	<u>173,620</u>	<u>4,133,221</u>
Temporarily restricted net assets released from restrictions due to satisfaction of restrictions	<u>173,620</u>	<u>(173,620)</u>	<u>--</u>	<u>35,000</u>	<u>(35,000)</u>	<u>--</u>
	3,614,765	151,380	3,766,145	3,994,601	138,620	4,133,221
Expenses						
Program services						
Grants	1,923,055	--	1,923,055	2,866,221	--	2,866,221
Conference expenses	<u>1,018,882</u>	<u>--</u>	<u>1,018,882</u>	<u>1,308,741</u>	<u>--</u>	<u>1,308,741</u>
	2,941,937	--	2,941,937	4,174,962	--	4,174,962
Support services						
Professional fees	219,836	--	219,836	283,676	--	283,676
Salaries and fringe benefits	284,973	--	284,973	205,233	--	205,233
Travel	15,515	--	15,515	7,168	--	7,168
Postage and printing	1,768	--	1,768	1,124	--	1,124
Insurance	4,697	--	4,697	4,937	--	4,937
Office expenses	18,831	--	18,831	32,235	--	32,235
Marketing	68,690	--	68,690	118,055	--	118,055
Bad debt	8,600	--	8,600	--	--	--
Dues and subscriptions	54,129	--	54,129	58,986	--	58,986
Technology	<u>18,555</u>	<u>--</u>	<u>18,555</u>	<u>44,084</u>	<u>--</u>	<u>44,084</u>
	<u>695,594</u>	<u>--</u>	<u>695,594</u>	<u>755,498</u>	<u>--</u>	<u>755,498</u>
Total expenses	<u>3,637,531</u>	<u>--</u>	<u>3,637,531</u>	<u>4,930,460</u>	<u>--</u>	<u>4,930,460</u>
Changes in net assets	(22,766)	151,380	128,614	(935,859)	138,620	(797,239)
Net assets, beginning 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>
Net assets, end of year	<u>\$ 2,579,181</u>	<u>\$ 325,000</u>	<u>\$ 2,904,181</u>	<u>\$ 2,601,947</u>	<u>\$ 173,620</u>	<u>\$ 2,775,567</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, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Changes in net assets	\$ 128,614	\$ (797,239)
Adjustments to reconcile changes in net assets to net cash provided (used in) by operating activities		
Net realized losses from investments	4,777	8,159
Net unrealized (gains) losses on investments	27,905	(7,419)
Changes in assets and liabilities		
Contributions receivable	(39,645)	72,525
Prepaid expenses	64,287	67,636
Accounts payable and accrued expenses	(13,330)	10,839
Deferred revenue	<u>(18,015)</u>	<u>4,578</u>
Net cash provided by (used in) operating activities	154,593	(640,921)
Cash flows from investing activities		
Purchases of investments	(1,494,027)	(36,813)
Sales of investments	<u>1,447,808</u>	<u>500,000</u>
Net cash (used in) provided by investing activities	<u>(46,219)</u>	<u>463,187</u>
Net change in cash and cash equivalents	108,374	(177,734)
Cash and cash equivalents		
Beginning of year	<u>698,467</u>	<u>876,201</u>
End of year	<u>\$ 806,841</u>	<u>\$ 698,467</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, 2018 and 2017

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, 2018 and 2017, 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 without donor restriction or with donor restriction support according to donor stipulations that limit the use of these assets due to time or purpose restrictions.

When a donor restriction expires, with donor restricted net assets are reclassified to without donor restricted 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 without donor restriction.

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, 2018 and 2017, \$-0- and \$85,000, 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.

The Ira Sohn Conference Foundation, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

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, 2018 and 2017. There are no tax related penalties and interest recorded for the years ended December 31, 2018 and 2017.

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.

Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to program services or support services. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated principally include information technology, graphic design and certain professional fees.

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.

3. NEW ACCOUNTING PRONOUNCEMENT ADOPTED IN THE CURRENT YEAR

The Foundation adopted the Financial Accounting Standards Board ("FASB"), Accounting Standards Update ("ASU") 2016-14 – *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity and presentation of expenses by both their natural and functional classification.

A recap of the net asset reclassification driven by the adoption of ASU 2016-14 as of December 31, 2017 follows:

Net Assets Classifications	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
As previously presented			
Unrestricted	\$ 2,601,947	\$ --	\$ 2,601,947
Temporarily restricted	--	173,620	173,620
Net assets as previously presented	\$ 2,601,947	\$ 173,620	\$ 2,775,567

The Ira Sohn Conference Foundation, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

4. NEW ACCOUNTING PRONOUNCEMENTS ISSUED NOT YET EFFECTIVE

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), which provides a comprehensive new revenue recognition model that requires a company to recognize revenue in an amount that reflects the consideration it expects to receive for the transfer of promised goods or services to its customers. The standard also requires additional disclosure regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. This ASU, which was deferred by ASU 2015-14, is effective for annual periods and interim periods beginning after December 15, 2018. The ASU is to be applied retrospectively or using a cumulative effect transition method. Early adoption is permitted.

In August 2017, the FASB issued a proposed ASU, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB is issuing this ASU to improve and clarify existing guidance on revenue recognition of grants and contracts by not-for-profit organizations (“NFPs”) because there is diversity in practice among NFPs with characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions. This proposed ASU also provides guidance to help determine whether a contribution is conditional or unconditional, and better distinguish a donor-imposed condition from a donor-imposed restriction. The effective date upon issuance would be for fiscal years ending in 2019.

In February 2016, the FASB issued ASU 2016-02 *Leases* (Topic 842), which requires the recognition of a “right to use” asset and a lease liability, initially measured at the present value of the lease payments, on the statement of financial position for all of the company’s lease obligations. This ASU is effective for fiscal years beginning after December 15, 2020.

The Foundation is currently evaluating the effect that these pronouncements will have on its financial statements and related disclosures.

5. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of December 31, 2018, the Foundation’s liquidity resources and financial assets available within one year for general expenditure, such as operating expenses, were as follows:

Financial assets at year end	
Cash and cash equivalents	\$ 806,841
Investments in securities	<u>2,075,406</u>
Total financial assets	2,882,247
Less:	
Net assets with donor restrictions	<u>325,000</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 2,557,247</u>

The Ira Sohn Conference Foundation, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

The Foundation is principally supported by contributions which are not subject to donor or other contractual restrictions. Any contributions received which are subject to donor-restrictions are not available for general expenditures. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to maintain adequate liquidity as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests a portion of its excess cash in short-term investments.

6. 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.

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.

7. INVESTMENTS IN SECURITIES

The Foundation has provided fair value disclosure information for relevant assets in these financial statements. For applicable assets subject to this pronouncement, the Foundation will value such assets 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 using observable measurement criteria, including quoted market prices of similar assets 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).

The Ira Sohn Conference Foundation, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

	2018			
	Total	Quoted Prices in Active Markets (Level 1)	Observable Measurement Criteria (Level 2)	Unobservable Measurement Criteria (Level 3)
Mutual funds	<u>\$ 2,075,406</u>	<u>\$ 2,075,406</u>	<u>\$ --</u>	<u>\$ --</u>

	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>

8. NET ASSETS

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

	2018	2017
With donor restrictions		
Sohn Tel Aviv Conference	\$ --	\$ 77,631
Memorial Sloan Kettering	325,000	--
Sohn Monaco Conference	--	95,989
	<u>\$ 325,000</u>	<u>\$ 173,620</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by the donor as follows for the years ended December 31, 2018 and 2017:

	2018	2017
Sohn Tel Aviv Conference	\$ 77,631	\$ --
Sohn Foundation London	--	35,000
Sohn Monaco Conference	95,989	--
	<u>\$ 173,620</u>	<u>\$ 35,000</u>

9. 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.

The Ira Sohn Conference Foundation, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

Conditional grants under the above agreements existing as of December 31, 2018 and 2017 amounted to \$9,041,578 and \$10,915,680, respectively. As of December 31, 2018 and 2017, \$2,376,856 and \$2,833,023, 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, the funds will be available from contributions.

10. RELATED PARTY TRANSACTIONS

The Foundation received current contributions from its board members totaling \$300,000 and \$200,000 for the years ended December 31, 2018 and 2017, respectively.

11. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events occurring after the statement of financial position date through the date of November 4, 2019, 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.