

**Connecticut Sports Foundation  
Against Cancer, Inc.**

**Financial Statements  
(With Supplementary Information)  
and Independent Auditor's Report**

**June 30, 2014 and 2013**

**Connecticut Sports Foundation Against Cancer, Inc.**

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Independent Auditor's Report

To the Board of Directors  
Connecticut Sports Foundation Against Cancer, Inc.

We have audited the accompanying financial statements of Connecticut Sports Foundation Against Cancer, Inc., which comprise the statements of financial position as of June 30, 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 Connecticut Sports Foundation Against Cancer, Inc. as of June 30, 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.

*Report on Supplemental Schedules*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The information included in the schedules on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Glastonbury, Connecticut  
October 15, 2014

Connecticut Sports Foundation Against Cancer, Inc.

Statements of Financial Position  
June 30, 2014 and 2013

<u>Assets</u>	<u>2014</u>	<u>2013</u>
Current assets:		
Cash and cash equivalents	\$ 60,486	\$ 33,372
Prepaid expenses	2,258	3,054
Inventory	25,426	26,485
Special events accounts receivable	-	25,000
	<u>88,170</u>	<u>87,911</u>
Investments	<u>6,019,818</u>	<u>5,178,068</u>
Total assets	<u>\$ 6,107,988</u>	<u>\$ 5,265,979</u>
 <u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accruals	<u>\$ 39,170</u>	<u>\$ 23,882</u>
Commitment		
Net assets:		
Unrestricted:		
Undesignated	49,000	64,029
Board designated	<u>6,019,818</u>	<u>5,178,068</u>
Total net assets	<u>6,068,818</u>	<u>5,242,097</u>
Total liabilities and net assets	<u>\$ 6,107,988</u>	<u>\$ 5,265,979</u>

See Notes to Financial Statements.

**Connecticut Sports Foundation Against Cancer, Inc.**

**Statements of Activities  
Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Change in unrestricted net assets:		
Support, revenues and gains:		
Contributions	\$ 196,751	\$ 116,884
Special events, net:		
Connecticut, net of expenses of \$297,573 and \$344,047	471,720	435,758
New York, net of expenses of \$34,823 and \$31,592	49,178	51,579
Investment income, net	<u>720,573</u>	<u>297,338</u>
Total support, revenues and gains	<u>1,438,222</u>	<u>901,559</u>
Expenses:		
Research grant	100,000	100,000
Recipient payments	320,793	315,853
General and business expenses	<u>190,708</u>	<u>180,309</u>
Total expenses	<u>611,501</u>	<u>596,162</u>
Change in unrestricted net assets	826,721	305,397
Net assets, beginning of year	<u>5,242,097</u>	<u>4,936,700</u>
Net assets, end of year	<u>\$ 6,068,818</u>	<u>\$ 5,242,097</u>

See Notes to Financial Statements.

**Connecticut Sports Foundation Against Cancer, Inc.**

**Statements of Cash Flows  
Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Operating activities:		
Change in unrestricted net assets	\$ 826,721	\$ 305,397
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Unrealized (gains) losses on investments	(462,185)	187,528
Realized gain on sale of investments	(98,942)	(321,026)
Changes in operating assets and liabilities:		
Prepaid expenses	796	(126)
Inventory	1,059	(3,802)
Special events accounts receivable	25,000	19,800
Accounts payable and accruals	15,288	20,696
Net cash provided by operating activities	<u>307,737</u>	<u>208,467</u>
Investing activities:		
Purchases of investments	(2,852,449)	(2,830,672)
Proceeds from sale of investments	2,571,826	2,571,826
Net cash used in investing activities	<u>(280,623)</u>	<u>(258,846)</u>
Change in cash and cash equivalents	27,114	(50,379)
Cash and cash equivalents, beginning of year	<u>33,372</u>	<u>83,751</u>
Cash and cash equivalents, end of year	<u>\$ 60,486</u>	<u>\$ 33,372</u>

See Notes to Financial Statements.

# Connecticut Sports Foundation Against Cancer, Inc.

## Notes to Financial Statements June 30, 2014 and 2013

### Note 1 - Organization and summary of significant accounting policies

#### Organization

Connecticut Sports Foundation Against Cancer, Inc. (the "Foundation") is a nonprofit corporation incorporated in 1987 in the State of Connecticut, whose purpose is to provide funds to benefit families affected by cancer and to support cancer research and education. The Foundation is led by a 16 member board of directors and a 10 member advisory board. Both boards consist of professionals, community leaders, financial experts and former professional athletes.

#### Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. They are described below:

Unrestricted - Net assets that are not subject to explicit donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted - Net assets whose use by the Foundation is subject to explicit donor-imposed stipulations or by operation of law that can be fulfilled by actions of the Foundation or that expire by the passage of time.

Permanently Restricted - Net assets subject to explicit donor-imposed stipulations that they be maintained permanently by the Foundation and stipulate the use of the income and/or appreciation as either unrestricted or temporarily restricted or by operation of law.

There are no temporarily or permanently restricted net assets at June 30, 2014 and 2013.

#### Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

#### Cash and cash equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents.

## **Connecticut Sports Foundation Against Cancer, Inc.**

### **Notes to Financial Statements June 30, 2014 and 2013**

#### **Investments**

The Foundation maintains investment accounts at a financial institution and is under the direction of the Board of Directors. Investment activity is administered by an outside investment manager according to the Foundation's written investment policy which includes criteria for current and total returns, risk tolerance, diversification and asset allocation. The brokerage account is under the auspices of the Securities Investor Protection Corporation ("SIPC"), which provides limited protection in the event of a brokerage firm failure.

#### **Special events accounts receivable**

Special events accounts receivable are donations received during fundraisers. Receivables are written off when management determines amounts will not be collectable. No allowance is deemed necessary for both years ended June 30, 2014 and 2013.

#### **Income tax status**

The Foundation is organized as a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code and as such is not subject to Federal or state corporate income taxes.

The Foundation has no unrecognized tax benefits at June 30, 2014 and 2013. The Foundation's Federal information returns prior to fiscal year 2011 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If the Foundation has unrelated business income taxes, it would recognize interest and penalties associated with any tax matters as part of the income tax provision and include accrued interest and penalties with the related tax liability in the statements of financial position.

#### **Donated services**

A substantial number of unpaid volunteers have made significant contributions of their time to develop and staff the Foundation's events and programs. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

#### **Fundraising expenses**

The Foundation is currently involved in several fundraising activities, including the annual sports dinner, Cycle Against Cancer and other ongoing initiatives. The related fundraising expenses were \$332,396 and \$375,639 in 2014 and 2013, respectively. Included in the fundraising expenses are in-kind contributions of \$58,370 for both 2014 and 2013 for the facilities and various expenses for the annual sports dinner.

#### **Memorabilia inventory**

Memorabilia inventory is stated at the lower of cost, determined by the first-in, first-out method, or market.



## Connecticut Sports Foundation Against Cancer, Inc.

### Notes to Financial Statements June 30, 2014 and 2013

#### **Endowment and spending policy**

The Foundation has investment and spending policies for endowment assets that attempt to provide a reasonably predictable stream of funding for activities supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include only board-designated funds.

Under this policy, as approved by the Board of Directors, the endowment assets are invested in accordance with sound investment practices that emphasize long-term investment fundamentals. It is recognized that short-term market fluctuations may cause variations in account performance.

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation can prudently invest for total return (income and gain) in any mix of investment vehicles considering general economic conditions, the possible effect of inflation or deflation, the role that each investment or course of action plays within the overall investment portfolio, the expected total return from income and the appreciation of investments, and the needs of the Foundation and the endowment funds to make distributions and to preserve capital to achieve its long-term return objectives within prudent risk constraints.

Annually, the Board of Directors will determine the distribution of funds from the endowment. Spending distributions may be made only from accumulated and current total investment returns (appreciation, dividends, interest and capital gains).

#### **Use of estimates**

The preparation of the 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.

#### **Subsequent events**

The Foundation has evaluated subsequent events through October 15, 2014, which is the date the financial statements were available to be issued.

#### **Note 2 - Concentrations**

##### **Concentrations of credit risk**

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Foundation maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed Federally insured limits. The Foundation has not experienced any losses in such accounts.

Investments consist of mutual funds and fixed income securities with high credit ratings. This investment policy limits the Foundation's exposure to concentrations of credit risk.

## Connecticut Sports Foundation Against Cancer, Inc.

### Notes to Financial Statements June 30, 2014 and 2013

#### Concentrations of revenue

The Foundation's principal source of revenues is from table sales, auction proceeds and raffle proceeds in connection with its annual sports dinner. For the years ended June 30, 2014 and 2013, \$621,763 and \$630,844, respectively, was recognized as revenue and \$177,781 and \$223,997, respectively, of related expenses were incurred for this event. The net proceeds from this event represented 85% and 83% of the Foundation's total donations and special events net revenue for the years ended June 30, 2014 and 2013, respectively.

#### Note 3 - Fair value measurements

The Foundation values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

The fair values of mutual funds, exchange-traded and closed-end funds, equities and money market funds for June 30, 2014 and 2013 were obtained from real time quotes for transactions in active exchange markets (Level 1). The fair values of corporate bonds were based on yields available on comparable instruments (Level 2). There were no changes in methodologies in 2014 and 2013.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

## Connecticut Sports Foundation Against Cancer, Inc.

### Notes to Financial Statements June 30, 2014 and 2013

Financial assets carried at fair value at June 30, 2014 and 2013 are classified in the tables below in one of the three categories described above:

<u>2014</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 229,762	\$ -	\$ -	\$ 229,762
Equities:				
Common:				
Domestic	2,172,573	-	-	2,172,573
International	245,524	-	-	245,524
Preferred	134,542	-	-	134,542
Fixed income:				
Sovereign securities	-	90,305	-	90,305
Corporate bonds:				
AA+	-	98,007	-	98,007
AA-	-	118,020	-	118,020
A+	-	98,533	-	98,533
A	-	102,930	-	102,930
A-	-	550,603	-	550,603
BB+	-	18,059	-	18,059
BBB+	-	406,535	-	406,535
BBB	-	612,796	-	612,796
BBB-	-	214,832	-	214,832
Exchange-traded and closed-end funds	926,797	-	-	926,797
	<u>\$3,709,198</u>	<u>\$ 2,310,620</u>	<u>\$ -</u>	<u>\$ 6,019,818</u>
<u>2013</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 219,992	\$ -	\$ -	\$ 219,992
Equities:				
Common	1,920,578	-	-	1,920,578
Preferred	124,349	-	-	124,349
Fixed income:				
Sovereign securities	-	81,433	-	81,433
Corporate bonds:				
AA+	-	95,838	-	95,838
AA-	-	212,037	-	212,037
A	-	193,891	-	193,891
A-	-	273,907	-	273,907
BB+	-	189,744	-	189,744
BBB+	-	259,615	-	259,615
BBB	-	592,102	-	592,102
BBB-	-	310,580	-	310,580
Exchange-traded and closed-end funds	704,002	-	-	704,002
	<u>\$2,968,921</u>	<u>\$ 2,209,147</u>	<u>\$ -</u>	<u>\$ 5,178,068</u>

**Connecticut Sports Foundation Against Cancer, Inc.**

**Notes to Financial Statements  
June 30, 2014 and 2013**

**Note 4 - Investments**

At June 30, 2014 and 2013, investments consisted of the following:

	2014	
	Cost	Fair Value
Fixed income	\$ 2,236,025	\$ 2,310,620
Equities	2,162,465	2,552,639
Exchange-traded and closed-end funds	808,579	926,797
Money market funds	229,762	229,762
	\$ 5,436,831	\$ 6,019,818

  

	2013	
	Cost	Fair Value
Fixed income	\$ 2,213,593	\$ 2,209,147
Equities	1,925,950	2,044,927
Exchange-traded and closed-end funds	697,731	704,002
Money market funds	219,992	219,992
	\$ 5,057,266	\$ 5,178,068

The following summarizes investment income for the years ended June 30, 2014 and 2013:

	2014	2013
Interest and dividends	\$ 200,523	\$ 200,203
Less investment management fees	(41,077)	(36,363)
Net interest and dividends	159,446	163,840
Realized gain	98,942	321,026
Unrealized gain (loss)	462,185	(187,528)
Total investment income	\$ 720,573	\$ 297,338

**Note 5 - Commitment**

**Operating lease**

The Foundation occupies an office under a month-to-month operating lease. The Foundation's rent expense was \$18,525 for each of the years ended June 30, 2014 and 2013

**Note 6 - Endowment**

The Foundation's endowment includes all board-designated endowment funds, which are included in unrestricted net assets on the accompanying statements of financial position. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. There are no donor-restricted endowment funds as of June 30, 2014 and 2013.

**Connecticut Sports Foundation Against Cancer, Inc.**

**Notes to Financial Statements  
June 30, 2014 and 2013**

Endowment net asset composition by type of fund as of June 30, 2014 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-Designated Endowment Funds	\$ 6,019,818	\$ -	\$ -	\$ 6,019,818

Changes in endowment net assets for the year ended June 30, 2014 are as follows:

Endowment net assets, beginning of year	\$ 5,178,068	\$ -	\$ -	\$ 5,178,068
Interest and dividends, net of fees	159,446	-	-	159,446
Net realized and unrealized appreciation	561,127	-	-	561,127
Additional designation	331,001	-	-	331,001
Appropriation of endowment	<u>(209,824)</u>	<u>-</u>	<u>-</u>	<u>(209,824)</u>
Endowment net assets, end of year	<u>\$ 6,019,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,019,818</u>

Endowment net asset composition by type of fund as of June 30, 2013 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-Designated Endowment Funds	\$ 5,178,068	\$ -	\$ -	\$ 5,178,068

Changes in endowment net assets for the year ended June 30, 2013 are as follows:

Endowment net assets, beginning of year	\$ 4,785,724	\$ -	\$ -	\$ 4,785,724
Interest and dividends, net of fees	163,840	-	-	163,840
Net realized and unrealized appreciation	133,498	-	-	133,498
Additional designation	376,674	-	-	376,674
Appropriation of endowment	<u>(281,668)</u>	<u>-</u>	<u>-</u>	<u>(281,668)</u>
Endowment net assets, end of year	<u>\$ 5,178,068</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,178,068</u>

**Note 7 - Related party**

There is a related party relationship between the Executive Director and a board member; the board member excuses himself from voting on matters related to the Executive Director.

**Connecticut Sports Foundation Against Cancer, Inc.**

**Schedules of General and Business Expenses  
Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Salaries	\$ 103,616	\$ 108,822
Rent	18,525	18,525
Payroll taxes	15,559	15,248
Insurance - employment	12,909	13,798
Audit	10,654	9,000
Marketing and event planning	7,117	1,351
Contracted services	6,455	1,300
Office supplies	5,968	1,330
Telephone	3,201	4,803
Payroll processing fees	1,640	1,555
Website	1,624	2,260
Memorabilia supplies	1,059	513
Dues and credit card fees	1,058	367
Postage	773	1,015
Miscellaneous	340	187
Insurance - workers compensation	121	146
Insurance	89	89
	<u>\$ 190,708</u>	<u>\$ 180,309</u>

See Independent Auditor's Report.