

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

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

**June 30, 2015 and 2014**

# 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, 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 Connecticut Sports Foundation Against Cancer, Inc. as of June 30, 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.

*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 14 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.



Hartford, Connecticut  
October 8, 2015

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

**Statements of Financial Position  
June 30, 2015 and 2014**

<u>Assets</u>	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and cash equivalents	\$ 402,068	\$ 60,486
Special events accounts receivable	6,200	-
Pledges receivable	118,750	-
Prepaid expenses	2,248	2,258
Memorabilia inventory	25,451	25,426
	<u>554,717</u>	<u>88,170</u>
Investments	<u>6,069,827</u>	<u>6,019,818</u>
Total assets	<u>\$ 6,624,544</u>	<u>\$ 6,107,988</u>
 <u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accruals	<u>\$ 129,895</u>	<u>\$ 39,170</u>
Commitment		
Net assets:		
Unrestricted:		
Undesignated	395,159	49,000
Board designated	6,069,827	6,019,818
	<u>6,464,986</u>	<u>6,068,818</u>
Temporarily restricted	29,663	-
Total net assets	<u>6,494,649</u>	<u>6,068,818</u>
Total liabilities and net assets	<u>\$ 6,624,544</u>	<u>\$ 6,107,988</u>

See Notes to Financial Statements.

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

**Statements of Activities  
Years Ended June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Change in unrestricted net assets:		
Support, revenues and gains:		
Contributions	\$ 308,200	\$ 196,751
Special events, net:		
Connecticut, net of expenses of \$319,894 and \$297,573	457,168	471,720
New York, net of expenses of \$36,480 and \$34,823	59,087	49,178
Investment income, net	106,368	720,573
Miscellaneous revenue	225	-
Release from restriction	7,837	-
Total support, revenues and gains	<u>938,885</u>	<u>1,438,222</u>
Expenses:		
Research grant	112,500	100,000
Recipient payments	308,011	320,793
General and business expenses	122,206	190,708
Total expenses	<u>542,717</u>	<u>611,501</u>
Change in unrestricted net assets	<u>396,168</u>	<u>826,721</u>
Change in temporarily restricted net assets:		
Contributions	37,500	-
Release from restriction	(7,837)	-
Change in temporarily restricted net assets	<u>29,663</u>	<u>-</u>
Change in net assets	425,831	826,721
Net assets, beginning of year	<u>6,068,818</u>	<u>5,242,097</u>
Net assets, end of year	<u>\$ 6,494,649</u>	<u>\$ 6,068,818</u>

See Notes to Financial Statements.

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

**Statements of Cash Flows  
Years Ended June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Operating activities:		
Change in net assets	\$ 425,831	\$ 826,721
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized losses (gains) on investments	456,954	(462,185)
Realized gain on sale of investments	(365,930)	(98,942)
Changes in operating assets and liabilities:		
Special events accounts receivable	(6,200)	25,000
Pledges receivable	(118,750)	-
Prepaid expenses	10	796
Memorabilia inventory	(25)	1,059
Accounts payable and accruals	(34,275)	15,288
Net cash provided by operating activities	<u>357,615</u>	<u>307,737</u>
Investing activities:		
Purchases of investments	(236,599)	(2,852,449)
Proceeds from sale of investments	220,566	2,571,826
Net cash used in investing activities	<u>(16,033)</u>	<u>(280,623)</u>
Increase in cash and cash equivalents	341,582	27,114
Cash and cash equivalents, beginning of year	<u>60,486</u>	<u>33,372</u>
Cash and cash equivalents, end of year	<u>\$ 402,068</u>	<u>\$ 60,486</u>
Supplemental disclosure of cash flow information:		
Accrued purchase of investment	<u>\$ 125,000</u>	<u>\$ -</u>

See Notes to Financial Statements.

## Connecticut Sports Foundation Against Cancer, Inc.

### Notes to Financial Statements June 30, 2015 and 2014

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

##### Organization

Connecticut Sports Foundation Against Cancer, Inc. (the "Foundation") is a nonprofit organization 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 permanently restricted net assets at June 30, 2015 and 2014.

##### 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, 2015 and 2014. The Foundation's Federal information returns prior to fiscal year 2012 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If the Foundation had 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.

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

### **Notes to Financial Statements June 30, 2015 and 2014**

#### **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.

#### **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.

#### **Pledges receivable**

Pledges receivable represent unconditional promises to give that are recognized in the period in which the promise is received. Management evaluates the need for an allowance for uncollectible pledges based upon factors surrounding the credit worthiness, historical collection trends and current economic conditions. Receivables are written off only when management believes amounts will not be collected. No allowance is deemed necessary for the years ended June 30, 2015 and 2014 as the pledges are expected to be fully collected during the year ended June 30, 2016.

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

Special events accounts receivable represent 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, 2015 and 2014.

#### **Memorabilia inventory**

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

#### **Investments**

Investments are reported at fair value (see Note 4), and are comprised of marketable securities maintained with a financial institution, as well as certain assets purchased and held for investment purposes. The Foundation's investments are 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.



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

### **Notes to Financial Statements June 30, 2015 and 2014**

#### **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 holds several fundraising events throughout the year, including the annual sports dinner, Cycle Against Cancer and other events in support of ongoing initiatives. The related fundraising expenses were \$356,374 and \$332,396 in 2015 and 2014, respectively. Included in the fundraising expenses are in-kind contributions of \$52,790 and \$58,370 in 2015 and 2014, respectively, for the facilities and various expenses related to the annual sports dinner.

#### **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.

# Connecticut Sports Foundation Against Cancer, Inc.

## Notes to Financial Statements June 30, 2015 and 2014

### Subsequent events

The Foundation has evaluated subsequent events through October 8, 2015, which is the date the financial statements were available to be issued (see Note 9).

### Note 2 - Concentrations

#### Credit and market risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents, pledges 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. At June 30, 2015, there was approximately \$178,000 exceeding Federally insured limits. The amount reported as pledges receivable is from one donor and is expected to be collected during the year ending June 30, 2016.

Investments, consisting of mutual funds and fixed income securities with high credit ratings, are recorded at fair value. Accordingly, the investment securities can fluctuate because of interest rates, reinvestment, credit, market and other risks depending on the nature of the specific investment. Therefore, it is at least reasonably possible that these factors will result in changes in the value of the Foundation's investments which could materially affect amounts reported in the financial statements.

#### Revenue

The Foundation's principal source of revenue is from table sales, auction proceeds and raffle proceeds in connection with its annual sports dinner. For the years ended June 30, 2015 and 2014, \$698,648 and \$621,763, respectively, was recognized as revenue and \$180,743 and \$177,781, respectively, of related expenses were incurred for this event. The net proceeds from this event represented 94% and 85% of the Foundation's total donations and special events net revenue for the years ended June 30, 2015 and 2014, respectively.

### Note 3 - Investments

At June 30, 2015 and 2014, investments consisted of the following:

<u>2015</u>	<u>Cost</u>	<u>Fair Value</u>
Fixed income	\$ 2,526,370	\$ 2,446,392
Equities	2,038,644	2,202,169
Exchange-traded and closed-end funds	1,206,383	1,249,229
Money market funds	47,037	47,037
Artwork	125,000	125,000
	<u>\$ 5,943,434</u>	<u>\$ 6,069,827</u>
<u>2014</u>	<u>Cost</u>	<u>Fair Value</u>
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
	<u>\$ 5,436,831</u>	<u>\$ 6,019,818</u>

## Connecticut Sports Foundation Against Cancer, Inc.

### Notes to Financial Statements June 30, 2015 and 2014

The following summarizes investment income for the years ended June 30, 2015 and 2014:

	2015	2014
Interest and dividends	\$ 239,519	\$ 200,523
Less investment management fees	<u>(42,127)</u>	<u>(41,077)</u>
Net interest and dividends	197,392	159,446
Realized gain	365,930	98,942
Unrealized gain (loss)	<u>(456,954)</u>	<u>462,185</u>
Total investment income	<u>\$ 106,368</u>	<u>\$ 720,573</u>

During the year, the Foundation entered into a portfolio loan agreement for up to \$3,501,000 with an interest rate set at the portfolio loan account's index plus 2.75%. Subsequent to year end, the Foundation borrowed \$125,000 of the available balance to fund the purchase of certain investment assets.

#### Note 4 - 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 exchange-traded and closed-end funds, equities for June 30, 2015 and 2014 were obtained from real time quotes for transactions in active exchange markets (Level 1). Mutual funds and money market funds are valued at the daily closing price as reported. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price (Level 1). The fair values of corporate bonds were based on yields available on comparable instruments (Level 2). The Foundation has invested in artwork as an alternate method of investments and expects to hold artwork for short period of time, artwork was purchased close to year end and approximates fair value.

## Connecticut Sports Foundation Against Cancer, Inc.

### Notes to Financial Statements June 30, 2015 and 2014

There were no changes in methodologies in 2015 and 2014.

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.

Financial assets carried at fair value at June 30, 2015 and 2014 are classified in the tables below in one of the three categories described above:

<u>2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 47,037	\$ -	\$ -	\$ 47,037
Equities:				
Common:				
Domestic	1,979,914	-	-	1,979,914
International	133,232	-	-	133,232
Preferred	89,023	-	-	89,023
Fixed income:				
Corporate bonds:				
AA+	-	174,343	-	174,343
A+	-	346,125	-	346,125
A	-	93,563	-	93,563
A-	-	327,300	-	327,300
BB	-	303,183	-	303,183
BB-	-	53,125	-	53,125
BBB+	-	53,369	-	53,369
BBB	-	533,732	-	533,732
BBB-	-	561,652	-	561,652
Exchange-traded and closed-end funds	1,249,229	-	-	1,249,229
Artwork	-	-	125,000	125,000
	<u>\$ 3,498,435</u>	<u>\$ 2,446,392</u>	<u>\$ 125,000</u>	<u>\$ 6,069,827</u>

<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

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

**Notes to Financial Statements  
June 30, 2015 and 2014**

<u>2014</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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	<u>926,797</u>	<u>-</u>	<u>-</u>	<u>926,797</u>
	<u>\$ 3,709,198</u>	<u>\$ 2,310,620</u>	<u>\$ -</u>	<u>\$ 6,019,818</u>

Details regarding assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are as follows:

	<u>Total</u>
Balance, June 30, 2014	\$ -
Purchase	125,000
Balance, June 30, 2015	<u>\$ 125,000</u>

**Note 5 - Endowment**

The Foundation's endowment is comprised of 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, 2015 and 2014.

Changes in endowment net assets for the year ended June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Endowment net assets, beginning of year	\$ 6,019,818	\$ 5,178,068
Interest and dividends, net of fees	197,392	159,446
Net realized and unrealized appreciation (depreciation)	(91,024)	561,127
Board designation	220,566	331,001
Appropriation of endowment	<u>(276,925)</u>	<u>(209,824)</u>
Endowment net assets, end of year	<u>\$ 6,069,827</u>	<u>\$ 6,019,818</u>

**Note 6 - Temporarily restricted net assets**

Temporarily restricted net assets of \$29,663 at June 30, 2015 are available for supporting grants to patients with breast cancer. During the year ending June 30, 2015, the Foundation released \$7,837 of funds to patients with breast cancer. There were no temporarily restricted net assets as of June 30, 2014.

## Connecticut Sports Foundation Against Cancer, Inc.

### Notes to Financial Statements June 30, 2015 and 2014

#### **Note 7 - 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, 2015 and 2014

##### **Matching Grant Agreement**

During 2015, the Foundation entered into an agreement (the "Agreement") with a not-for-profit hospital. Under the terms of the Agreement, the Foundation will contribute \$400,000 to the hospital in order to establish a fund which will provide financial assistance to certain of the hospital's cancer patients, as determined by the hospital. The Foundation will pay the hospital upon the satisfaction of certain conditions by the hospital. Those conditions have not been satisfied and therefore there is no balance accrued as of June 30, 2015.

#### **Note 8 - Related party**

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

#### **Note 9 - Subsequent event**

The Foundation entered into a Loan and Charitable Support agreement with a related party on August 3, 2015. The Foundation agrees to make a loan to the related party in the amount of \$500,000 with interest at 10% maturing on August 3, 2016 with certain provisions to accelerated maturity. The related party agrees to provide certain charitable support during the same year.

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

**Schedules of General and Business Expenses  
Years Ended June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Salaries	\$ 51,031	\$ 103,616
Rent	18,525	18,525
Payroll taxes	11,297	15,559
Audit	11,050	10,654
Insurance - employment	10,293	12,909
Contracted services	4,365	6,455
Telephone	2,793	3,201
Website	2,540	1,624
Office supplies	2,013	5,968
Marketing and event planning	1,788	7,117
Payroll processing fees	1,660	1,640
Memorabilia supplies	1,185	1,059
Postage	1,063	773
Dues and credit card fees	1,004	1,058
Insurance - workers compensation	726	121
Insurance	531	89
Miscellaneous	342	340
	<u>\$ 122,206</u>	<u>\$ 190,708</u>

See Independent Auditor's Report.