

**BEAR NECESSITIES PEDIATRIC  
CANCER FOUNDATION, INC.**

YEARS ENDED JUNE 30, 2013 AND 2012

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

YEARS ENDED JUNE 30, 2013 AND 2012

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## **Independent Auditor's Report**

Board of Directors  
Bear Necessities Pediatric Cancer Foundation, Inc.  
Chicago, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Bear Necessities Pediatric Cancer Foundation, Inc. (the Foundation), which comprise the statement of financial position as of June 30, 2013 and 2012 and the related statements of activities and changes in net assets, functional expenses 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 Bear Necessities Pediatric Cancer Foundation, Inc. as of June 30, 2013 and 2012 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 Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The additional information included on page 19 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.

A handwritten signature in cursive script that reads "Ostrow Reisin Berk & Abrams, Ltd." The signature is written in black ink on a white background.

December 4, 2013

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

STATEMENT OF FINANCIAL POSITION

June 30,	2013					2012				
	Unrestricted			Temporarily restricted	Total	Unrestricted			Temporarily restricted	Total
	Operating	Board- designated	Total			Operating	Board- designated	Total		
<b>ASSETS</b>										
Cash	\$ 311,457		\$ 311,457	\$ 179,198	\$ 490,655	\$ 522,801		\$ 522,801	\$ 231,766	\$ 754,567
Investments, including cash of \$37,465 in 2013		\$ 525,000	525,000		525,000	6,812	\$ 525,000	531,812		531,812
Contributions receivable	249,283		249,283		249,283	241,232		241,232		241,232
Inventory	28,721		28,721		28,721	30,716		30,716		30,716
Prepaid expenses	3,170		3,170		3,170	902		902		902
Property and equipment, net	1,314,110		1,314,110		1,314,110	1,353,953		1,353,953		1,353,953
Loan fees, net of amortization expense	3,087		3,087		3,087					
<b>Total assets</b>	<b>\$ 1,909,828</b>	<b>\$ 525,000</b>	<b>\$ 2,434,828</b>	<b>\$ 179,198</b>	<b>\$ 2,614,026</b>	<b>\$ 2,156,416</b>	<b>\$ 525,000</b>	<b>\$ 2,681,416</b>	<b>\$ 231,766</b>	<b>\$ 2,913,182</b>
<b>LIABILITIES AND NET ASSETS</b>										
<b>Liabilities:</b>										
Accounts payable and accrued expenses	\$ 29,463		\$ 29,463		\$ 29,463	\$ 12,735		\$ 12,735		\$ 12,735
Grants payable	2,573		2,573		2,573	425,253		425,253		425,253
Mortgages payable	911,602		911,602		911,602	934,376		934,376		934,376
Deferred revenue						4,305		4,305		4,305
<b>Total liabilities</b>	<b>943,638</b>		<b>943,638</b>		<b>943,638</b>	<b>1,376,669</b>		<b>1,376,669</b>		<b>1,376,669</b>
<b>Net assets</b>	<b>966,190</b>	<b>\$ 525,000</b>	<b>1,491,190</b>	<b>\$ 179,198</b>	<b>1,670,388</b>	<b>779,747</b>	<b>\$ 525,000</b>	<b>1,304,747</b>	<b>\$ 231,766</b>	<b>1,536,513</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,909,828</b>	<b>\$ 525,000</b>	<b>\$ 2,434,828</b>	<b>\$ 179,198</b>	<b>\$ 2,614,026</b>	<b>\$ 2,156,416</b>	<b>\$ 525,000</b>	<b>\$ 2,681,416</b>	<b>\$ 231,766</b>	<b>\$ 2,913,182</b>

See notes to financial statements.

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30,	2013					2012				
	Unrestricted		Temporarily restricted	Total	Total	Unrestricted		Temporarily restricted	Total	
	Operating	Board- designated				Operating	Board- designated			
Revenues and other support:										
Contributions	\$ 569,222		\$ 26,341	\$ 569,222	\$ 741,488		\$ 156,674	\$ 741,488	\$ 898,162	
In-kind contributions	631,239			631,239	184,117			184,117	184,117	
Special events and other fundraisers:										
Gross revenue, including in-kind contributions of \$100,075 in 2013 and \$200,798 in 2012	1,305,142			1,305,142	1,102,258			1,102,258	1,102,258	
Less direct expenditures for events, including in-kind goods of \$74,157 in 2013 and \$170,075 in 2012	(296,481)			(296,481)	(279,873)			(279,873)	(279,873)	
Merchandise	3,573			3,573	1,920			1,920	1,920	
Net assets released from restrictions	78,909		(78,909)	78,909						
<b>Total revenues</b>	<b>2,291,604</b>		<b>(52,568)</b>	<b>2,291,604</b>	<b>1,749,910</b>		<b>156,674</b>	<b>1,749,910</b>	<b>1,906,584</b>	
Other revenues (losses):										
Investment income and other interest	11,409			11,409	13,555			13,555	13,555	
Realized and unrealized gain (loss) on investments	8,298			8,298	(19,853)			(19,853)	(19,853)	
<b>Total other revenues (losses)</b>	<b>19,707</b>			<b>19,707</b>	<b>(6,298)</b>			<b>(6,298)</b>	<b>(6,298)</b>	
<b>Total revenues and other support</b>	<b>2,311,311</b>		<b>(52,568)</b>	<b>2,311,311</b>	<b>1,743,612</b>		<b>156,674</b>	<b>1,743,612</b>	<b>1,900,286</b>	
Expenses:										
Program services	1,789,946			1,789,946	1,332,348			1,332,348	1,332,348	
Supporting services:										
Management and general	92,315			92,315	98,750			98,750	98,750	
Fundraising	242,607			242,607	298,152			298,152	298,152	
<b>Total expenses</b>	<b>2,124,868</b>			<b>2,124,868</b>	<b>1,729,250</b>			<b>1,729,250</b>	<b>1,729,250</b>	
<b>Increase (decrease) in net assets</b>	<b>186,443</b>		<b>(52,568)</b>	<b>186,443</b>	<b>14,362</b>		<b>156,674</b>	<b>14,362</b>	<b>171,036</b>	

See notes to financial statements.

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

Year ended June 30,	2013					2012				
	Unrestricted			Temporarily restricted	Total	Unrestricted			Temporarily restricted	Total
	Operating	Board- designated	Total			Operating	Board- designated	Total		
Net assets:										
Beginning of year	\$ 779,747	\$ 525,000	\$ 1,304,747	\$ 231,766	\$ 1,536,513	\$ 602,472	\$ 687,913	\$ 1,290,385	\$ 75,092	\$ 1,365,477
Increase (decrease) in net assets	186,443		186,443	(52,568)	133,875	14,362		14,362	156,674	171,036
Transfers of income						162,913	(162,913)			
Net assets, end of year	\$ 966,190	\$ 525,000	\$ 1,491,190	\$ 179,198	\$ 1,670,388	\$ 779,747	\$ 525,000	\$ 1,304,747	\$ 231,766	\$ 1,536,513

*See notes to financial statements.*

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

Years ended June 30,	2013					2012				
	Program Services	Management and general	Fundraising	Direct benefit to donors	Total	Program Services	Management and general	Fundraising	Direct benefit to donors	Total
Salaries and related expenses	\$ 330,820	\$ 52,760	\$ 59,292		\$ 442,872	\$ 355,361	\$ 56,669	\$ 86,162		\$ 498,192
Research grants	290,000				290,000	240,000				240,000
Support grants	158,905				158,905	155,930				155,930
Advertising and public relations	534,553	60	25,552		560,165	81,539		95,909		177,448
Automobile expense	3,892	519	778		5,189	2,411		2,411		4,822
Bank and credit card fees	10,649	1,698	21,646		33,993	9,080		9,080		18,160
Bear Hugs	220,551				220,551	232,252				232,252
Donated goods - event expenses				\$ 74,157	74,157				\$ 75,325	75,325
Insurance	10,374	1,654	1,859		13,887	11,411	1,743	2,694		15,848
Interest	30,663	4,890	5,496		41,049	44,802	6,845	10,578		62,225
Licenses and fees			3,588		3,588	4,920				4,920
Meals and entertainment	2,295	366	411	9,907	12,979					
Occupancy expenses	40,364	6,438	7,234		54,036	38,552	5,890	9,103		53,545
Office expense and supplies	6,797	1,084	2,567	3,054	13,502	9,285	1,419	19,128	414	30,246
Other event expenses			11,191	80,032	91,223				105,652	105,652
Outside services	18,472	2,945	3,310		24,727	23,775				23,775
Postage and delivery	6,440	1,025	18,347		25,812	5,158	788	14,251		20,197
Printing and publications	7,311	1,166	9,922		18,399	5,979	913	12,169		19,061
Professional fees	38,926	10,232	62,797		111,955	21,168	18,144	24,307		63,619
Program events	32,048				32,048	49,228				49,228
Telecommunications	10,081	1,608	1,806		13,495	8,838	1,350	2,087		12,275
Training and education	3,295	525	591		4,411	873	133	206		1,212
Travel	3,641	581	867		5,089	2,578	394	3,171		6,143
Venue rentals and fees				129,331	129,331				98,482	98,482
Total expenses before depreciation and amortization	1,760,077	87,551	237,254	296,481	2,381,363	1,303,140	94,288	291,256	279,873	1,968,557
Depreciation and amortization	29,869	4,764	5,353		39,986	29,208	4,462	6,896		40,566
Less expenses included with revenue on the statement of activities and changes in net assets				(296,481)	(296,481)				(279,873)	(279,873)
Total expenses	\$ 1,789,946	\$ 92,315	\$ 242,607	\$ -	\$ 2,124,868	\$ 1,332,348	\$ 98,750	\$ 298,152	\$ -	\$ 1,729,250

See notes to financial statements.



**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

**STATEMENT OF CASH FLOWS**

Years ended June 30,	2013	2012
Operating activities:		
Increase in net assets	\$ 133,875	\$ 171,036
Adjustments to reconcile above to cash provided by (used in) operating activities:		
Depreciation and amortization	39,986	40,566
Net realized and unrealized (gain) loss on investments	(8,298)	19,853
(Increase) decrease in operating assets:		
Contributions receivable	(8,051)	(54,812)
Prepaid expenses	(2,268)	922
Inventory	1,995	13,243
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	16,728	(310)
Grants payable	(422,680)	215,831
Deferred revenue	(4,305)	(1,818)
<b>Cash provided by (used in) operating activities</b>	<b>(253,018)</b>	<b>404,511</b>
Investing activities:		
Purchases of investments	(627,349)	(341,291)
Proceeds from sale of investments	679,925	390,920
Purchase of property and equipment		(470)
Decrease in Board-designated cash	(37,465)	
<b>Cash provided by investing activities</b>	<b>15,111</b>	<b>49,159</b>
Financing activities:		
Payments on mortgage payable	(322,774)	(18,800)
Proceeds from mortgage payable	300,000	
Payments on loan issuance costs	(3,231)	
<b>Cash used in financing activities</b>	<b>(26,005)</b>	<b>(18,800)</b>
Increase (decrease) in cash	(263,912)	434,870
Cash, beginning of year	754,567	319,697
<b>Cash, end of year</b>	<b>\$ 490,655</b>	<b>\$ 754,567</b>

*See notes to financial statements.*

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

**STATEMENT OF CASH FLOWS (CONTINUED)**

Years ended June 30,	2013	2012
Supplemental disclosures of cash flow information:		
Interest paid	\$ 41,049	\$ 62,225
Taxes paid		\$ 186

Supplemental disclosure of non-cash financing activity:

During the year ended June 30, 2013, the Foundation refinanced its mortgage with a new bank in the amount of \$630,000.

*See notes to financial statements.*

# **BEAR NECESSITIES PEDIATRIC CANCER FOUNDATION, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

### **1. Foundation and purpose**

Bear Necessities Pediatric Cancer Foundation, Inc. (the Foundation) is an Illinois nonprofit foundation incorporated in 1992, with the purpose of granting funds to encourage, supplement and initiate research related to pediatric cancer diseases, as well as to supplement patient, parent and hospitals' specific needs.

The Bear Hugs Program supports cancer patients (ages 0-19), as well as their immediate families that face the many challenges that accompany the diagnosis and treatment of pediatric cancer. The Foundation's outreach serves both in state and out of state children that are being treated at one of the nine major Chicago area hospitals with pediatric oncology departments. A Bear Hug is a customized experience that brightens the life of a child going through cancer. The Bear Hugs Program also provides immediate family support for financial burden and essential needs.

Bear Discoveries awards medical research grants nationwide primarily to junior investigative researchers each year who make meaningful advancements and discoveries towards finding a cure and therapies for various types of pediatric cancer.

Bear Empowerment awards support service grants across the nation to pediatric oncology facilities and foundations each year for programs or projects that directly impact patients, their families and hospital facilities.

Pillars of Hope, the campaign of the Foundation, is a \$2.2 million, four-year major gift campaign to secure the Foundation's office at 55 W. Wacker Drive, Chicago, Illinois, as a permanent home for the Foundation. This will enable the Foundation to direct more dollars to program and services and touch the lives of countless more children and families battling pediatric cancer.

### **2. Summary of significant accounting policies**

The significant accounting policies of the Foundation are summarized below.

#### **Basis of accounting:**

The Foundation's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**2. Summary of significant accounting policies (continued)**

**Basis of presentation:**

Financial statement presentation follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification) for *Financial Statements of Not-for-Profit Foundations*. Under the Codification, the Foundation is required to report information regarding its financial position and activities in three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

**Unrestricted** - Unrestricted net assets are available to finance the general operations of the Foundation. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Foundation, the environment in which it operates and the purposes specified in its articles of incorporation. Voluntary resolutions by the Board of Directors to designate a portion of the Foundation's unrestricted net assets for specified purposes do not result in restricted funds. Since designations are voluntary and may be reversed by the Board of Directors at any time, designated net assets are included under the caption "unrestricted net assets". Board-designated net assets include assets over which the Board of Directors retains control and may, at its discretion, subsequently use for other purposes. Board-designated net assets represent assets in a Board-designated Endowment (Note 7).

**Temporarily restricted** - Temporarily restricted net assets result (a) from contributions and other inflows of assets, the use of which by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by action of the Foundation pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations and (c) from reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time or their fulfillment and removal by actions of the Foundation pursuant to those stipulations.

**Permanently restricted** - Permanently restricted net assets (generally referred to as endowment funds) are assets that have donor-imposed restrictions that stipulate that the contributed resources be maintained permanently, but permit the Foundation to utilize or expend part or all of the income or other economic benefits derived from the donated assets. There were no permanently restricted net assets at June 30, 2013 and 2012.

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**2. Summary of significant accounting policies (continued)**

**Basis of presentation: (continued)**

**Unrestricted and restricted revenue and support** - Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. 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 statement of activities and changes in net assets as net assets released from restrictions. The Foundation reports donor-restricted contributions and donor-restricted investment gains and income for which restrictions are met in the same reporting period as unrestricted support.

**Tax status:**

The Foundation is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. In addition, the Internal Revenue Service (IRS) has determined that the Foundation is not a private foundation within the meaning of Section 509(a) of the Code.

The Foundation's Form 990, *Return of Organization Exempt from Income Tax*, for the years ended June 30, 2010, 2011 and 2012 are subject to examination by the IRS, generally for three years after they were filed.

The Foundation has not reported any income subject to unrelated business income tax and thus has not been required to file Exempt Organization Business Income Tax Return (990T) with the IRS.

**Investments:**

Investments are stated at fair value. Realized and unrealized investment gains and losses and other investment income are reflected in the statement of activities and changes in net assets as changes in unrestricted net assets. (See Note 4).

**Reclassifications:**

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**2. Summary of significant accounting policies (continued)**

**Contributions receivable:**

Contributions receivable include unconditional promises to give at June 30, 2013 and 2012. Contributions receivable due in more than one year were discounted using a risk-adjusted rate of return to reflect the present value of the receivables.

June 30,	2013	2012
Receivable due in less than one year	\$ 183,202	\$ 110,612
Receivable due in one to five years	75,800	153,000
<b>Total contributions receivable</b>	<b>259,002</b>	263,612
<b>Less discount to net present value</b>	<b>(9,719)</b>	(22,380)
<b>Unconditional promises to give</b>	<b>\$ 249,283</b>	\$ 241,232

Contributions receivable due in more than one year were discounted at 5.5% in 2013 and 2012. Amortization of the discount is included in contribution revenue. An allowance for doubtful accounts is considered unnecessary and is not provided.

**Inventory:**

The Foundation maintains an inventory of various clothing, toys and household items which is carried at the lower of cost or market. These inventory items are removed from inventory when sold and expensed accordingly. The corresponding revenue and applicable sales tax are recorded at the time these items are sold. The total cost value of these items held in inventory at June 30, 2013 and 2012 was \$28,721 and \$30,716, respectively.

**Property and equipment and related depreciation:**

Property and equipment are stated at cost or, if donated, at the fair value at the date of donation. Depreciation of property and equipment is provided over the estimated useful lives of the assets using a modified cost recovery system generally as follows:

Buildings and building improvements	39 years
Furniture and equipment	5 years

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**2. Summary of significant accounting policies (continued)**

**Grants payable:**

Unconditional grants payable are recorded when approved by the Board of Directors. Grants payable represent amounts due to medical investigative researchers for pre-approved studies in the following year and pediatric oncology facilities and foundations for service grants. Grants are only awarded for one year; there are no multiple year grants approved.

**Deferred revenue:**

Proceeds related to future special events and other fundraisers received by year-end that will not be earned until after event occurs are recognized as deferred revenue.

**Donated goods and services:**

Donated goods and services are recognized in accordance with the Codification for *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals possessing those skills and would otherwise be purchased by the Foundation. Donated goods and services of the following are included as in-kind contribution revenue and gross revenue under special events and other fundraisers in the statement of activities and changes in net assets:

Years ended June 30,	2013	2012
Event expenses	\$ 74,157	\$ 75,325
Bear Hugs	48,754	85,130
Public relations/advertising	559,180	176,210
Program events	26,903	30,724
Professional fees	22,284	16,539
Other expenses	36	987
<b>Total donated goods and services</b>	<b>\$ 731,314</b>	<b>\$ 384,915</b>

Many individuals volunteer their time and perform tasks that assist the Foundation. No amounts have been reflected in the financial statements for those donated services because the criteria for recognition under the Codification were not met.

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**2. Summary of significant accounting policies (continued)**

**Public relations and advertising:**

Advertising costs are expensed as incurred and totaled \$560,165 and \$177,448 for the years ended June 30, 2013 and 2012, respectively.

**Functional allocation of expenses:**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Estimates:**

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

**3. Concentration of credit risk**

The Foundation maintains its cash in bank accounts which, at times, may exceed federally-insured limits. At June 30, 2013 and 2012, the Foundation's uninsured cash balances totaled \$678,717 and \$296,312, respectively. The Foundation has not experienced any losses in such accounts. Management believes that the Foundation is not subject to any significant credit risk on cash.



**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**4. Investments**

The Foundation's investments are stated at fair value based on quoted prices in active markets (all Level 1 measurements) and consist of the following:

June 30,	2013		2012	
	Cost	Fair value	Cost	Fair value
Corporate stock - common and preferred:				
Consumer			\$ 55,281	\$ 60,893
Energy			15,472	15,353
Financial			19,533	18,970
Other			15,639	17,254
Technology			22,791	24,584
Dynamic asset allocation fund			161,531	157,864
Mutual funds:				
Equity funds	\$ 279,629	\$ 258,896	87,484	79,056
Fixed income funds	243,713	223,568	151,094	157,838
Other	5,965	5,071		
<b>Total assets</b>	<b>\$ 529,307</b>	<b>\$ 487,535</b>	<b>\$ 528,825</b>	<b>\$ 531,812</b>

Dividend income of \$11,409 and \$12,604 for the years ended June 30, 2013 and 2012, respectively, is included in investment income and other interest and an unrealized loss of \$43,179 and \$42,800 for the years ended June 30, 2013 and 2012, respectively, is included in realized and unrealized gain (loss) on investments on the statement of activities and changes in net assets.

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**5. Property and equipment**

The following is a summary of property and equipment:

June 30,	2013	2012
Buildings and building improvements	\$ 1,500,220	\$ 1,500,220
Furniture and equipment	18,149	18,149
	<b>1,518,369</b>	1,518,369
Less accumulated depreciation	<b>204,259</b>	164,416
Property and equipment, net	<b>\$ 1,314,110</b>	\$ 1,353,953

**6. Mortgages payable**

In August 2008, the Foundation entered into a mortgage loan agreement secured by the underlying property in the principal amount of \$1,000,000. The mortgage balance at June 30, 2012 was \$934,376, payable in monthly installments of \$6,752 including principal and interest. Interest was calculated at a fixed interest rate of 6.5% per annum and the loan was to be due in August 2028.

In August 2012, the Foundation entered into a \$300,000 zero interest loan agreement with a donor, secured by a second mortgage on the underlying property. The loan is repayable in one lump-sum in the year ending June 30, 2016. The proceeds of this loan were used to pay down the principal of the mortgage.

In October 2012, the Foundation entered into a new mortgage loan agreement in the principal amount of \$630,000 and paid the previous mortgage loan balance in full. The mortgage balance at June 30, 2013 was \$611,602. The mortgage is payable in monthly installments of \$5,174 including principal and interest. Interest is calculated at a fixed interest rate of 5.5% per annum and the loan becomes due in October 2027. The mortgage is secured by the underlying property.

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**6. Mortgages payable (continued)**

Future minimum principal payments are as follows:

Year ending June 30:	Principal
2014	\$ 28,703
2015	30,345
2016	331,999
2017	33,912
2018	32,827
Thereafter (2019 through 2028)	453,816
<b>Total</b>	<b>\$ 911,602</b>

**7. Designation of unrestricted net assets**

During the year ended June 30, 2012, the Board of Directors of the Foundation designated an endowment fund of \$525,000, known as the Bear Fund. It is the policy of the Board of Directors to use the income and dividends from this designated endowment fund to support the Foundation's general activities. The Board's investment policy is that the property constituting the corpus of the Fund shall be invested and reinvested in any kind of property being guided by the concept of a prudent investor whose investment purpose includes both income and capital appreciation, but not requiring safety of corpus as a primary consideration, regarding investment in income producing property or requiring diversification of investments.

**8. Temporarily restricted net assets**

Temporarily restricted net assets are available for the following purposes:

June 30,	2013	2012
Purpose-restricted funds:		
Bear Hugs		\$ 56,523
Pillars of Hope	\$ 179,198	175,243
<b>Total temporarily restricted net assets</b>	<b>\$ 179,198</b>	<b>\$ 231,766</b>

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**9. Subsequent events**

Management of the Foundation has reviewed and evaluated subsequent events from June 30, 2013, the financial statement date, through December 4, 2013, the date the financial statements were available to be issued. No events have occurred in this period that would be required to be recognized and/or disclosed in these financial statements as required by generally accepted accounting principles.

**BEAR NECESSITIES  
PEDIATRIC CANCER FOUNDATION, INC.**

SCHEDULE OF FUNDRAISING EVENTS AND MERCHANDISE SALES

Years ended June 30,	2013				2012			
	Revenue	Direct benefit to donors expense	Non-direct benefit to donors expense	Excess (deficit) revenue over expense	Revenue	Direct benefit to donors expense	Non-direct benefit to donors expense	Excess (deficit) revenue over expense
Run for the Bear	\$ 61,380	\$ 12,261	\$ 2,285	\$ 46,834	\$ 142,960	\$ 15,652	\$ 95,534	\$ 31,774
Bear Tie Ball	884,616	227,458	81,104	576,054	590,893	196,644	38,984	355,265
Golf for the Bear	86,536	18,382	2,633	65,521	88,222	33,438	4,375	50,409
Other fundraising events	272,610	38,380	9,448	224,782	280,183	34,139	2,626	243,418
Total fundraising events	1,305,142	296,481	95,470	913,191	1,102,258	279,873	141,519	680,866
Merchandise sales	3,573		1,349	2,224	1,920		16,935	(15,015)
Total fundraising events and merchandise sales	\$ 1,308,715	\$ 296,481	\$ 96,819	\$ 915,415	\$ 1,104,178	\$ 279,873	\$ 158,454	\$ 665,851