

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

YEARS ENDED JUNE 30, 2015 AND 2014

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

YEARS ENDED JUNE 30, 2015 AND 2014

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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, 2015 and 2014 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, 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 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 17 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.

Ostrow Reisin Berk & Abrams, Ltd.

Chicago, Illinois
September 16, 2015

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

STATEMENT OF FINANCIAL POSITION

June 30,	2015					2014				
	Unrestricted			Temporarily restricted	Total	Unrestricted			Temporarily restricted	Total
	Operating	Board- designated	Total			Operating	Board- designated	Total		
ASSETS										
Cash	\$ 352,694		\$ 352,694	\$ 32,775	\$ 385,469	\$ 153,133		\$ 153,133	\$ 163,126	\$ 316,259
Investments	84,167	\$ 525,000	609,167		609,167	86,776	\$ 525,000	611,776		611,776
Contributions receivable	58,274		58,274		58,274	250,933		250,933		250,933
Inventory	27,194		27,194		27,194	27,580		27,580		27,580
Prepaid expenses	18,220		18,220		18,220					
Property and equipment, net	1,236,294		1,236,294		1,236,294	1,274,965		1,274,965		1,274,965
Loan fees, net of amortization expense	2,657		2,657		2,657	2,872		2,872		2,872
Total assets	\$ 1,779,500	\$ 525,000	\$ 2,304,500	\$ 32,775	\$ 2,337,275	\$ 1,796,259	\$ 525,000	\$ 2,321,259	\$ 163,126	\$ 2,484,385
LIABILITIES AND NET ASSETS										
Liabilities:										
Accounts payable and accrued expenses	\$ 38,748		\$ 38,748		\$ 38,748	\$ 15,324		\$ 15,324		\$ 15,324
Grants payable						2,573		2,573		2,573
Mortgages payable	752,543		752,543		752,543	882,894		882,894		882,894
Total liabilities	791,291		791,291		791,291	900,791		900,791		900,791
Net assets	988,209	\$ 525,000	1,513,209	\$ 32,775	1,545,984	895,468	\$ 525,000	1,420,468	\$ 163,126	1,583,594
Total liabilities and net assets	\$ 1,779,500	\$ 525,000	\$ 2,304,500	\$ 32,775	\$ 2,337,275	\$ 1,796,259	\$ 525,000	\$ 2,321,259	\$ 163,126	\$ 2,484,385

See notes to financial statements.

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

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Years ended June 30,	2015					2014				
	Unrestricted			Temporarily restricted	Total	Unrestricted			Temporarily restricted	Total
	Operating	Board- designated	Total			Operating	Board- designated	Total		
Revenues and other support:										
Contributions	\$ 844,762		\$ 844,762		\$ 844,762	\$ 649,329		\$ 649,329	\$ 12,636	\$ 661,965
In-kind contributions	488,608		488,608		488,608	267,623		267,623		267,623
Special events and other fundraisers:										
Gross revenue, including in-kind contributions of \$45,009 in 2015 and \$66,175 in 2014	1,107,718		1,107,718		1,107,718	994,023		994,023		994,023
Less direct expenditures for events, including in-kind goods of \$45,009 in 2015 and \$61,425 in 2014	(316,767)		(316,767)		(316,767)	(302,419)		(302,419)		(302,419)
Merchandise	957		957		957	2,675		2,675		2,675
Net assets released from restrictions	130,351		130,351	\$ (130,351)		28,708		28,708	(28,708)	
Total revenues	2,255,629		2,255,629	(130,351)	2,125,278	1,639,939		1,639,939	(16,072)	1,623,867
Other revenues:										
Investment income and other interest	41,763		41,763		41,763	20,782		20,782		20,782
Realized and unrealized gain (loss) on investments	(32,078)		(32,078)		(32,078)	52,217		52,217		52,217
Total other revenues	9,685		9,685		9,685	72,999		72,999		72,999
Total revenues and other support	2,265,314		2,265,314	(130,351)	2,134,963	1,712,938		1,712,938	(16,072)	1,696,866
Expenses:										
Program services	1,663,539		1,663,539		1,663,539	1,459,560		1,459,560		1,459,560
Supporting services:										
Management and general	206,291		206,291		206,291	89,935		89,935		89,935
Fundraising	302,743		302,743		302,743	234,165		234,165		234,165
Total expenses	2,172,573		2,172,573		2,172,573	1,783,660		1,783,660		1,783,660
Increase (decrease) in net assets	92,741		92,741	(130,351)	(37,610)	(70,722)		(70,722)	(16,072)	(86,794)

See notes to financial statements.

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

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

Years ended June 30,	2015					2014				
	Unrestricted			Temporarily restricted	Total	Unrestricted			Temporarily restricted	Total
	Operating	Board- designated	Total			Operating	Board- designated	Total		
Net assets:										
Beginning of year	\$ 895,468	\$ 525,000	\$ 1,420,468	\$ 163,126	\$ 1,583,594	\$ 966,190	\$ 525,000	\$ 1,491,190	\$ 179,198	\$ 1,670,388
Increase (decrease) in net assets	92,741		92,741	(130,351)	(37,610)	(70,722)		(70,722)	(16,072)	(86,794)
Net assets, end of year	\$ 988,209	\$ 525,000	\$ 1,513,209	\$ 32,775	\$ 1,545,984	\$ 895,468	\$ 525,000	\$ 1,420,468	\$ 163,126	\$ 1,583,594

See notes to financial statements.

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

STATEMENT OF FUNCTIONAL EXPENSES

Years ended June 30,	2015					2014				
	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	\$ 394,747	\$ 56,078	\$ 62,829		\$ 513,654	\$ 365,735	\$ 50,498	\$ 57,095		\$ 473,328
Research grants	410,000				410,000	355,000				355,000
Support grants	10,250				10,250	40,000				40,000
Advertising and public relations	422	60	1,292		1,774	180,954	101	9,792		190,847
Automobile expense	3,948	526	790		5,264	3,745	499	749		4,993
Bad debt expense		113,472			113,472					
Bank and credit card fees	6,733	957	23,654		31,344	4,416	610	14,110		19,136
Bear Hugs	318,448				318,448	279,125				279,125
Donated goods - event expenses				\$ 45,009	45,009				\$ 61,425	61,425
Insurance	11,169	1,587	1,777		14,533	12,824	1,771	2,002		16,597
Interest	24,392	3,465	3,882		31,739	25,794	3,561	4,027		33,382
Licenses and fees			4,642		4,642			6,161		6,161
Meals and entertainment	2,143	305	341	9,199	11,988	2,276	314	355	9,687	12,632
Occupancy expenses	41,861	5,947	6,661		54,469	40,745	5,626	6,361		52,732
Office expense and supplies	8,341	1,185	1,666	1,677	12,869	13,266	1,832	3,120	3,067	21,285
Other event expenses			13,424	131,658	145,082			14,530	109,860	124,390
Outside services	18,452	2,621	2,937		24,010	22,928	3,166	3,579		29,673
Postage and delivery	5,131	729	14,097		19,957	7,888	1,089	23,092		32,069
Printing and publications	9,176	1,304	6,740		17,220	11,636	1,607	6,607		19,850
Professional fees	351,048	11,663	150,792		513,503	46,254	13,125	75,597		134,976
Program events	2,280				2,280	2,527				2,527
Telecommunications	8,470	1,203	1,348		11,021	8,783	1,212	1,371		11,366
Training and education	3,781	537	602		4,920	1,557	215	243		2,015
Travel	2,863	407	512		3,782	3,694	510	626		4,830
Venue rentals and fees				129,224	129,224				118,380	118,380
Total expenses before depreciation and amortization	1,633,655	202,046	297,986	316,767	2,450,454	1,429,147	85,736	229,417	302,419	2,046,719
Depreciation and amortization	29,884	4,245	4,757		38,886	30,413	4,199	4,748		39,360
Less expenses included with revenue on the statement of activities and changes in net assets				(316,767)	(316,767)				(302,419)	(302,419)
Total expenses	\$ 1,663,539	\$ 206,291	\$ 302,743	\$ -	\$ 2,172,573	\$ 1,459,560	\$ 89,935	\$ 234,165	\$ -	\$ 1,783,660

See notes to financial statements.

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

STATEMENT OF CASH FLOWS

Years ended June 30,	2015	2014
Operating activities:		
Decrease in net assets	\$ (37,610)	\$ (86,794)
Adjustments to reconcile above to cash provided by (used in) operating activities:		
Depreciation and amortization	38,886	39,360
Net realized and unrealized (gain) loss on investments	32,078	(52,217)
(Increase) decrease in operating assets:		
Contributions receivable	192,659	(1,650)
Prepaid expenses	(18,220)	3,170
Inventory	386	1,141
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	23,424	(14,139)
Grants payable	(2,573)	
Cash provided by (used in) operating activities	229,030	(111,129)
Investing activities:		
Purchases of investments	(683,839)	(84,236)
Proceeds from sale of investments	654,370	12,212
Increase in Board-designated cash		37,465
Cash used in investing activities	(29,469)	(34,559)
Financing activities:		
Payments on mortgage payable	(330,351)	(28,708)
Proceeds from mortgage payable	200,000	
Cash used in financing activities	(130,351)	(28,708)
Increase (decrease) in cash	69,210	(174,396)
Cash, beginning of year	316,259	490,655
Cash, end of year	\$ 385,469	\$ 316,259
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 31,739	\$ 33,382

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 Program 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 each year primarily to junior investigative researchers who make meaningful advancements and discoveries towards finding a cure and therapies for various types of pediatric cancer.

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 programs 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, 2015 and 2014.

**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 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* (Form 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).

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Contributions receivable:

Contributions receivable included unconditional promises to give at June 30, 2015 and 2014. 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,	2015	2014
Receivable due in less than one year	\$ 58,274	\$ 206,793
Receivable due in one to five years		51,050
Total contributions receivable	58,274	257,843
Less discount to net present value		(6,910)
Unconditional promises to give	\$ 58,274	\$ 250,933

Contributions receivable due in more than one year were discounted at 5.5% in 2014. 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, 2015 and 2014 was \$27,194 and \$27,580, 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.

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,	2015	2014
Event expenses	\$ 45,009	\$ 61,425
Bear Hugs	85,071	60,065
Public relations/advertising		182,810
Professional fees	403,537	29,498
Total donated goods and services	\$ 533,617	\$ 333,798

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.

Donated goods and services includes \$15,953 from donors affiliated with the Board of Directors for the year ended June 30, 2015.

**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 \$1,774 and \$190,847 for the years ended June 30, 2015 and 2014, 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, 2015 and 2014, the Foundation's uninsured cash balances totaled \$488,888 and \$462,382, 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,	2015		2014	
	Cost	Fair value	Cost	Fair value
Equity securities	\$ 208,299	\$ 208,455		
U.S. government obligations	57,344	56,437		
Domestic corporate bonds	36,492	34,919		
Mutual funds:				
Equity funds	147,223	146,257	\$ 291,141	\$ 317,686
Fixed income funds	101,122	99,218	251,333	235,555
Other	64,571	63,881	58,857	58,535
Total assets	\$ 615,051	\$ 609,167	\$ 601,331	\$ 611,776

Dividend income of \$41,758 and \$20,782 for the years ended June 30, 2015 and 2014, respectively, is included in investment income and other interest and an unrealized loss of \$16,329 and an unrealized gain of \$52,217 for the years ended June 30, 2015 and 2014, respectively, is included in realized and unrealized gain on investments on the statement of activities and changes in net assets.

5. Property and equipment

The following is a summary of property and equipment:

June 30,	2015	2014
Buildings and building improvements	\$ 1,500,220	\$ 1,500,220
Furniture and equipment	18,149	18,149
	1,518,369	1,518,369
Less accumulated depreciation	282,075	243,404
Property and equipment, net	\$ 1,236,294	\$ 1,274,965

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Mortgages payable

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 was repaid during the year ended June 30, 2015.

In June 2015, the Foundation entered into a \$200,000 zero interest loan agreement with a donor, secured by a second mortgage on the underlying property. The loan is payable in one lump-sum payment due on June 22, 2018.

In October 2012, the Foundation entered into a mortgage loan agreement in the principal amount of \$630,000. The mortgage balance at June 30, 2015 and 2014 was \$552,543 and \$582,894, respectively. 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.

Future minimum principal payments are as follows:

<u>Year ending June 30:</u>	<u>Principal</u>
2016	\$ 32,500
2017	34,012
2018	235,930
2019	37,957
2020	40,098
Thereafter (2021 through 2028)	372,046
<u>Total</u>	<u>\$ 752,543</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. Designation of unrestricted net assets

The Board of Directors of the Foundation has designated an endowment fund of \$525,000, known as the Bear Fund, as a general endowment to support the mission of the Foundation. It is the policy of the Board of Directors to use the income and dividends from the designated endowment fund to support the Foundation's general activities.

The Foundation has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. The strategy's primary goal is capital appreciation and stability as a secondary goal. Endowment assets are invested in a portfolio which consists of equities, fixed income, alternative investments and cash. The objective of the investment portfolio is to maximize long-term returns consistent with prudent levels of risk. In establishing the investment objectives of the investment portfolio, the Board of Directors has taken into account the time horizon available for investment, the nature of the investment portfolio's cash flows and liabilities and other factors that affect the portfolio's risk tolerance. The Foundation expects its endowment assets, over time, to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount.

The Board-designated endowment balance totaled \$525,000 for each of the years ended June 30, 2015 and 2014.

8. Temporarily restricted net assets

Temporarily restricted net assets were available for the following purposes:

June 30,	2015	2014
Purpose-restricted funds:		
Pillars of Hope	\$ 32,775	\$ 163,126

9. Subsequent events

Management of the Foundation has reviewed and evaluated subsequent events from June 30, 2015, the financial statement date, through September 16, 2015, 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, Event	2015				2014			
	Revenue	Direct benefit to donors expense	Non-direct benefit to donors expense	Excess revenue over expense	Revenue	Direct benefit to donors expense	Non-direct benefit to donors expense	Excess revenue over expense
Bear Tie Ball	\$ 777,267	\$ 192,922	\$ 54,319	\$ 530,026	\$ 667,561	\$ 203,609	\$ 61,224	\$ 402,728
Golf for the Bear	63,146	29,201	1,264	32,681	61,683	29,032	1,812	30,839
Other fundraising events	267,305	94,644	4,539	168,122	264,779	69,778	6,771	188,230
Total fundraising events	1,107,718	316,767	60,122	730,829	994,023	302,419	69,807	621,797
Merchandise sales	957		338	619	2,675		1,049	1,626
Total fundraising events and merchandise sales	\$ 1,108,675	\$ 316,767	\$ 60,460	\$ 731,448	\$ 996,698	\$ 302,419	\$ 70,856	\$ 623,423