

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

YEARS ENDED JUNE 30, 2016 AND 2015

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

YEARS ENDED JUNE 30, 2016 AND 2015

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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, 2016 and 2015 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, 2016 and 2015 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 13, 2016

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

STATEMENT OF FINANCIAL POSITION

June 30,	2016					2015				
	Unrestricted			Temporarily restricted	Total	Unrestricted			Temporarily restricted	Total
	Operating	Board- designated	Total			Operating	Board- designated	Total		
ASSETS										
Cash	\$ 345,480		\$ 345,480	\$ 15,794	\$ 361,274	\$ 352,694		\$ 352,694	\$ 32,775	\$ 385,469
Investments	82,204	\$ 525,000	607,204		607,204	84,167	\$ 525,000	609,167		609,167
Contributions receivable	59,750		59,750	75,250	135,000	58,274		58,274		58,274
Inventory	11,593		11,593		11,593	27,194		27,194		27,194
Prepaid expenses	5,062		5,062		5,062	18,220		18,220		18,220
Property and equipment, net	1,197,734		1,197,734		1,197,734	1,236,294		1,236,294		1,236,294
Loan fees, net of amortization expense	2,442		2,442		2,442	2,657		2,657		2,657
Total assets	\$ 1,704,265	\$ 525,000	\$ 2,229,265	\$ 91,044	\$ 2,320,309	\$ 1,779,500	\$ 525,000	\$ 2,304,500	\$ 32,775	\$ 2,337,275
LIABILITIES AND NET ASSETS										
Liabilities:										
Accounts payable and accrued expenses	\$ 25,005		\$ 25,005		\$ 25,005	\$ 38,748		\$ 38,748		\$ 38,748
Deferred revenue	11,610		11,610		11,610					
Mortgages payable	720,538		720,538		720,538	752,543		752,543		752,543
Total liabilities	757,153		757,153		757,153	791,291		791,291		791,291
Net assets	947,112	\$ 525,000	1,472,112	\$ 91,044	1,563,156	988,209	\$ 525,000	1,513,209	\$ 32,775	1,545,984
Total liabilities and net assets	\$ 1,704,265	\$ 525,000	\$ 2,229,265	\$ 91,044	\$ 2,320,309	\$ 1,779,500	\$ 525,000	\$ 2,304,500	\$ 32,775	\$ 2,337,275

See notes to financial statements.

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

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Years ended June 30,	2016					2015				
	Unrestricted		Temporarily restricted	Total	Total	Unrestricted		Temporarily restricted	Total	
	Operating	Board- designated				Operating	Board- designated			
Revenues and other support:										
Contributions	\$ 686,483		\$ 90,274	\$ 686,483	\$ 776,757	\$ 844,762		\$ 844,762	\$ 844,762	
In-kind contributions	140,100			140,100	140,100	488,608		488,608	488,608	
Special events and other fundraisers:										
Gross revenue, including in-kind contributions of \$38,575 in 2016 and \$45,009 in 2015	1,094,322			1,094,322	1,094,322	1,107,718		1,107,718	1,107,718	
Less direct expenditures for events, including in-kind goods of \$38,575 in 2016 and \$45,009 in 2015	(307,893)			(307,893)	(307,893)	(316,767)		(316,767)	(316,767)	
Merchandise	1,196			1,196	1,196	957		957	957	
Net assets released from restrictions	32,005		(32,005)	32,005	32,005	130,351		130,351	\$ (130,351)	
Total revenues	1,646,213		58,269	1,646,213	1,704,482	2,255,629		2,255,629	(130,351)	2,125,278
Other revenues:										
Investment income and other interest	19,749			19,749	19,749	41,763		41,763	41,763	
Net realized and unrealized loss on investments	(3,754)			(3,754)	(3,754)	(32,078)		(32,078)	(32,078)	
Total other revenues	15,995			15,995	15,995	9,685		9,685		9,685
Total revenues and other support	1,662,208		58,269	1,662,208	1,720,477	2,265,314		2,265,314	(130,351)	2,134,963

See notes to financial statements.

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

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

Years ended June 30,	2016					2015				
	Unrestricted			Temporarily restricted	Total	Unrestricted			Temporarily restricted	Total
	Operating	Board- designated	Total			Operating	Board- designated	Total		
Expenses:										
Program services	\$ 1,265,108		\$ 1,265,108		\$ 1,265,108	\$ 1,663,539		\$ 1,663,539		\$ 1,663,539
Supporting services:										
Management and general	108,855		108,855		108,855	206,291		206,291		206,291
Fundraising	329,342		329,342		329,342	302,743		302,743		302,743
Total expenses	1,703,305		1,703,305		1,703,305	2,172,573		2,172,573		2,172,573
Increase (decrease) in net assets	(41,097)		(41,097)	\$ 58,269	17,172	92,741		92,741	\$ (130,351)	(37,610)
Net assets:										
Beginning 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
Increase (decrease) in net assets	(41,097)		(41,097)	58,269	17,172	92,741		92,741	(130,351)	(37,610)
Net assets, end of year	\$ 947,112	\$ 525,000	\$ 1,472,112	\$ 91,044	\$ 1,563,156	\$ 988,209	\$ 525,000	\$ 1,513,209	\$ 32,775	\$ 1,545,984

See notes to financial statements.

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

STATEMENT OF FUNCTIONAL EXPENSES

Years ended June 30,	2016					2015				
	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	\$ 342,532	\$ 62,723	\$ 135,864		\$ 541,119	\$ 394,747	\$ 56,078	\$ 62,829		\$ 513,654
Research grants	260,000				260,000	410,000				410,000
Support grants	45,000				45,000	10,250				10,250
Advertising and public relations	158	29	2,202		2,389	422	60	1,292		1,774
Automobile expense	3,895	519	780		5,194	3,948	526	790		5,264
Bad debt expense		5,000			5,000		113,472			113,472
Bank and credit card fees	10,874	1,991	25,967		38,832	6,733	957	23,654		31,344
Bear Hugs	409,093				409,093	318,448				318,448
Donated goods - event expenses				\$ 38,575	38,575				\$ 45,009	45,009
Insurance	8,803	1,612	3,492		13,907	11,169	1,587	1,777		14,533
Interest	19,044	3,487	7,554		30,085	24,392	3,465	3,882		31,739
Inventory write off			14,975		14,975					
Licenses and fees			4,773		4,773			4,642		4,642
Meals and entertainment	3,210	588	1,274	9,615	14,687	2,143	305	341	9,199	11,988
Occupancy expenses	31,664	5,798	12,560		50,022	41,861	5,947	6,661		54,469
Office expense and supplies	7,146	1,308	3,818	1,142	13,414	8,341	1,185	1,666	1,677	12,869
Other event expenses			22,799	121,482	144,281			13,424	131,658	145,082
Outside services	19,961	3,655	7,917		31,533	18,452	2,621	2,937		24,010
Postage and delivery	5,341	978	3,979		10,298	5,131	729	14,097		19,957
Printing and publications	5,909	1,083	11,234		18,226	9,176	1,304	6,740		17,220
Professional fees	50,578	12,858	54,297		117,733	351,048	11,663	150,792		513,503
Program events	2,446				2,446	2,280				2,280
Telecommunications	9,304	1,705	3,690		14,699	8,470	1,203	1,348		11,021
Training and education	3,767	690	1,494		5,951	3,781	537	602		4,920
Travel	1,838	337	937		3,112	2,863	407	512		3,782
Venue rentals and fees				137,079	137,079				129,224	129,224
Total expenses before depreciation and amortization	1,240,563	104,361	319,606	307,893	1,972,423	1,633,655	202,046	297,986	316,767	2,450,454
Depreciation and amortization	24,545	4,494	9,736		38,775	29,884	4,245	4,757		38,886
Less expenses included with revenue on the statement of activities and changes in net assets				(307,893)	(307,893)				(316,767)	(316,767)
Total expenses	\$ 1,265,108	\$ 108,855	\$ 329,342	\$ -	\$ 1,703,305	\$ 1,663,539	\$ 206,291	\$ 302,743	\$ -	\$ 2,172,573

See notes to financial statements.

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

STATEMENT OF CASH FLOWS

Years ended June 30,	2016	2015
Operating activities:		
Increase (decrease) in net assets	\$ 17,172	\$ (37,610)
Adjustments to reconcile above to cash provided by operating activities:		
Depreciation and amortization	38,775	38,886
Net realized and unrealized loss on investments	3,754	32,078
Provision for bad debts	5,000	113,472
(Increase) decrease in operating assets:		
Contributions receivable	(81,726)	79,187
Inventory	15,601	386
Prepaid expenses	13,158	(18,220)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(13,743)	23,424
Deferred revenue	11,610	
Grants payable		(2,573)
Cash provided by operating activities	9,601	229,030
Investing activities:		
Purchases of investments	(286,645)	(683,839)
Proceeds from sale of investments	284,854	654,370
Cash used in investing activities	(1,791)	(29,469)
Financing activities:		
Payments on mortgages payable	(32,005)	(330,351)
Proceeds from mortgages payable		200,000
Cash used in financing activities	(32,005)	(130,351)
Increase (decrease) in cash	(24,195)	69,210
Cash, beginning of year	385,469	316,259
Cash, end of year	\$ 361,274	\$ 385,469
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 30,085	\$ 31,739

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 some of the 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. Research grants awarded were \$260,000 and \$410,000 for the years ended June 30, 2016 and 2015, respectively.

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. The campaign ended during the year ended June 30, 2016.

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 Organizations*. 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, 2016 and 2015.

**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.

The Foundation has adopted the requirements for accounting for uncertain tax positions and management has determined that the Foundation was not required to record a liability related to uncertain tax positions as of June 30, 2016 and 2015.

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, 2016 and 2015.

June 30,	2016	2015
Receivable due in less than one year	\$ 113,750	\$ 58,274
Receivable due in one to five years	21,250	
Unconditional promises to give	\$ 135,000	\$ 58,274

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, 2016 and 2015 was \$11,593 and \$27,194, 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

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.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

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,	2016	2015
Event expenses	\$ 38,575	\$ 45,009
Bear Hugs	140,100	85,071
Professional fees		403,537
Total donated goods and services	\$ 178,675	\$ 533,617

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 \$14,075 and \$15,953 from donors affiliated with the Board of Directors for the years ended June 30, 2016 and 2015, respectively.

Public relations and advertising:

Advertising costs are expensed as incurred and totaled \$2,389 and \$1,774 for the years ended June 30, 2016 and 2015, 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.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

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.

Reclassification:

Certain amounts reported in the prior year have been reclassified in order to conform to the current year's presentation.

3. Concentration of credit risk

The Foundation maintains its cash in bank accounts which, at times, may exceed federally-insured limits. At June 30, 2016 and 2015, the Foundation's uninsured cash balances totaled \$406,661 and \$488,888, 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.

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,	2016		2015	
	Cost	Fair value	Cost	Fair value
Equity securities	\$ 227,636	\$ 237,472	\$ 208,299	\$ 208,455
U.S. government obligations	54,137	55,666	57,344	56,437
Domestic corporate bonds	36,195	37,034	36,492	34,919
Mutual funds:				
Equity funds	121,447	119,044	147,223	146,257
Fixed income funds	92,619	92,440	101,122	99,218
Other	64,655	65,548	64,571	63,881
Total assets	\$ 596,689	\$ 607,204	\$ 615,051	\$ 609,167

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Investments (continued)

Dividend income of \$19,749 and \$41,758 for the years ended June 30, 2016 and 2015, respectively, is included in investment income and other interest and an unrealized gain of \$17,398 and an unrealized loss of \$16,329 for the years ended June 30, 2016 and 2015, respectively, is included in realized and unrealized loss 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,	2016	2015
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	320,635	282,075
Property and equipment, net	\$ 1,197,734	\$ 1,236,294

6. Mortgages payable

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, 2016 and 2015 was \$520,538 and \$552,543, 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.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Mortgages payable (continued)

Future minimum principal payments are as follows:

<u>Year ending June 30:</u>	<u>Principal</u>
2017	\$ 34,507
2018	235,930
2019	37,957
2020	40,098
2021	42,360
Thereafter (2022 through 2028)	329,686
<u>Total</u>	<u>\$ 720,538</u>

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, 2016 and 2015.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. Temporarily restricted net assets

Temporarily restricted net assets were available for the following purposes:

June 30,	2016	2015
Purpose-restricted funds:		
Pillars of Hope	\$ 770	\$ 32,775
Research grants	15,024	
Time-restricted funds:		
Impact 100	75,250	
Total temporarily restricted net assets	\$ 91,044	\$ 32,775

9. Subsequent events

Management of the Foundation has reviewed and evaluated subsequent events from June 30, 2016, the financial statement date, through September 13, 2016, 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,	2016				2015			
	Revenue	Direct benefit to donors expense	Non-direct benefit to donors expense	Excess of revenue over expense	Revenue	Direct benefit to donors expense	Non-direct benefit to donors expense	Excess of revenue over expense
Bear Tie Ball	\$ 574,462	\$ 202,369	\$ 48,136	\$ 323,957	\$ 777,267	\$ 192,922	\$ 54,319	\$ 530,026
Golf for the Bear					63,146	29,201	1,264	32,681
Other fundraising events	519,860	105,524	7,276	407,060	267,305	94,644	4,539	168,122
Total fundraising events	1,094,322	307,893	55,412	731,017	1,107,718	316,767	60,122	730,829
Merchandise sales	1,196		984	212	957		338	619
Total fundraising events and merchandise sales	\$ 1,095,518	\$ 307,893	\$ 56,396	\$ 731,229	\$ 1,108,675	\$ 316,767	\$ 60,460	\$ 731,448