

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

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2017 AND 2016

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

YEARS ENDED JUNE 30, 2017 AND 2016

CONTENTS

	Page
Independent auditors' report	1-2
Financial statements:	
Statements of financial position	3
Statements of activities and changes in net assets	4-5
Statements of functional expenses	6
Statements of cash flows	7
Notes to financial statements	8-16
Supplementary information:	
Schedules of fundraising events and merchandise sales	17

Independent Auditors' Report

Board of Directors
Bear Necessities Pediatric Cancer Foundation, Inc.

We have audited the accompanying financial statements of Bear Necessities Pediatric Cancer Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2017 and 2016, 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.

Auditors' 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, 2017 and 2016, 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 supplementary 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.

September 12, 2017

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

STATEMENTS OF FINANCIAL POSITION

June 30,	2017					2016				
	Unrestricted		Total	Temporarily restricted	Total	Unrestricted		Temporarily restricted	Total	
	Operating	Board- designated				Operating	Board- designated			
ASSETS										
Cash	\$ 357,490		\$ 357,490	\$ 84,935	\$ 442,425	\$ 345,480		\$ 345,480	\$ 15,794	\$ 361,274
Investments	139,006	\$ 525,000	664,006		664,006	82,204	\$ 525,000	607,204		607,204
Contributions receivable	39,004		39,004	114,071	153,075	59,750		59,750	75,250	135,000
Inventory	9,801		9,801		9,801	11,593		11,593		11,593
Prepaid expenses	11,392		11,392		11,392	5,062		5,062		5,062
Property and equipment, net	1,165,838		1,165,838		1,165,838	1,197,734		1,197,734		1,197,734
Loan fees, net of amortization expense	2,226		2,226		2,226	2,442		2,442		2,442
Total assets	\$ 1,724,757	\$ 525,000	\$ 2,249,757	\$ 199,006	\$ 2,448,763	\$ 1,704,265	\$ 525,000	\$ 2,229,265	\$ 91,044	\$ 2,320,309
LIABILITIES AND NET ASSETS										
Liabilities:										
Accounts payable and accrued expenses	\$ 33,733		\$ 33,733		\$ 33,733	\$ 25,005		\$ 25,005		\$ 25,005
Deferred revenue	29,050		29,050		29,050	11,610		11,610		11,610
Mortgages payable	686,622		686,622		686,622	720,538		720,538		720,538
Total liabilities	749,405		749,405		749,405	757,153		757,153		757,153
Net assets	975,352	\$ 525,000	1,500,352	\$ 199,006	1,699,358	947,112	\$ 525,000	1,472,112	\$ 91,044	1,563,156
Total liabilities and net assets	\$ 1,724,757	\$ 525,000	\$ 2,249,757	\$ 199,006	\$ 2,448,763	\$ 1,704,265	\$ 525,000	\$ 2,229,265	\$ 91,044	\$ 2,320,309

See notes to financial statements.

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

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years ended June 30,	2017					2016				
	Unrestricted			Temporarily restricted	Total	Unrestricted			Temporarily restricted	Total
	Operating	Board- designated	Total			Operating	Board- designated	Total		
Revenues and other support:										
Contributions	\$ 759,451		\$ 759,451	\$ 199,006	\$ 958,457	\$ 686,483		\$ 686,483	\$ 90,274	\$ 776,757
In-kind contributions	144,378		144,378		144,378	140,100		140,100		140,100
Special events and other fundraisers:										
Gross revenue, including in-kind contributions of \$56,175 in 2017 and \$38,575 in 2016	1,211,839		1,211,839		1,211,839	1,094,322		1,094,322		1,094,322
Less direct expenditures for events, including in-kind goods of \$56,175 in 2017 and \$38,575 in 2016	(354,550)		(354,550)		(354,550)	(307,893)		(307,893)		(307,893)
Merchandise	645		645		645	1,196		1,196		1,196
Net assets released from restrictions	91,044		91,044	(91,044)		32,005		32,005	(32,005)	
Total revenues	1,852,807		1,852,807	107,962	1,960,769	1,646,213		1,646,213	58,269	1,704,482
Other revenues:										
Investment income and other interest	18,758		18,758		18,758	19,749		19,749		19,749
Net realized and unrealized gain (loss) on investments	53,120		53,120		53,120	(3,754)		(3,754)		(3,754)
Loss on disposal of equipment	(55)		(55)		(55)					
Total other revenues	71,823		71,823		71,823	15,995		15,995		15,995
Total revenues and other support	1,924,630		1,924,630	107,962	2,032,592	1,662,208		1,662,208	58,269	1,720,477

See notes to financial statements.

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

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

Years ended June 30,	2017					2016				
	Unrestricted			Temporarily restricted	Total	Unrestricted			Temporarily restricted	Total
	Operating	Board- designated	Total			Operating	Board- designated	Total		
Expenses:										
Program services	\$ 1,501,604		\$ 1,501,604		\$ 1,501,604	\$ 1,265,108		\$ 1,265,108		\$ 1,265,108
Supporting services:										
Management and general	105,947		105,947		105,947	108,855		108,855		108,855
Fundraising	288,839		288,839		288,839	329,342		329,342		329,342
Total expenses	1,896,390		1,896,390		1,896,390	1,703,305		1,703,305		1,703,305
Increase (decrease) in net assets	\$ 28,240		\$ 28,240	\$ 107,962	\$ 136,202	\$ (41,097)		\$ (41,097)	\$ 58,269	\$ 17,172
Net assets:										
Beginning 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
Increase (decrease) in net assets	28,240		28,240	107,962	136,202	(41,097)		(41,097)	58,269	17,172
Net assets, end of year	\$ 975,352	\$ 525,000	\$ 1,500,352	\$ 199,006	\$ 1,699,358	\$ 947,112	\$ 525,000	\$ 1,472,112	\$ 91,044	\$ 1,563,156

See notes to financial statements.

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

STATEMENTS OF FUNCTIONAL EXPENSES

Years ended June 30,	2017					2016				
	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	\$ 375,426	\$ 67,665	\$ 133,795		\$ 576,886	\$ 342,532	\$ 62,723	\$ 135,864		\$ 541,119
Research grants	396,849				396,849	260,000				260,000
Support grants	61,745				61,745	45,000				45,000
Advertising and public relations			1,831		1,831	158	29	2,202		2,389
Automobile expense	3,872	516	774		5,162	3,895	519	780		5,194
Bad debt expense							5,000			5,000
Bank and credit card fees	18,591	3,351	24,715		46,657	10,874	1,991	25,967		38,832
Bear Hugs	462,229				462,229	409,093				409,093
Donated goods - event expenses				\$ 56,175	56,175				\$ 38,575	38,575
Insurance	8,016	1,445	2,857		12,318	8,803	1,612	3,492		13,907
Interest	18,335	3,305	6,534		28,174	19,044	3,487	7,554		30,085
Inventory write off			1,606		1,606			14,975		14,975
Licenses and fees			4,918		4,918			4,773		4,773
Meals and entertainment	2,025	365	722	9,174	12,286	3,210	588	1,274	9,615	14,687
Occupancy expenses	36,235	6,531	12,913		55,679	31,664	5,798	12,560		50,022
Office expense and supplies	10,205	1,839	3,772	1,964	17,780	7,146	1,308	3,818	1,142	13,414
Other event expenses			24,786	120,237	145,023			22,799	121,482	144,281
Outside services	20,716	3,734	7,383		31,833	19,961	3,655	7,917		31,533
Postage and delivery	5,129	924	7,066		13,119	5,341	978	3,979		10,298
Printing and publications	3,038	548	9,659		13,245	5,909	1,083	11,234		18,226
Professional fees	33,362	7,881	29,721		70,964	50,578	12,858	54,297		117,733
Program events	2,318				2,318	2,446				2,446
Telecommunications	12,927	2,330	4,607		19,864	9,304	1,705	3,690		14,699
Training and education	3,767	679	1,343		5,789	3,767	690	1,494		5,951
Travel	1,076	194	663		1,933	1,838	337	937		3,112
Venue rentals and fees				167,000	167,000				137,079	137,079
Total expenses before depreciation and amortization	1,475,861	101,307	279,665	354,550	2,211,383	1,240,563	104,361	319,606	307,893	1,972,423
Depreciation and amortization	25,743	4,640	9,174		39,557	24,545	4,494	9,736		38,775
Less expenses included with revenue on the statements of activities and changes in net assets				(354,550)	(354,550)				(307,893)	(307,893)
Total expenses	\$ 1,501,604	\$ 105,947	\$ 288,839	\$ -	\$ 1,896,390	\$ 1,265,108	\$ 108,855	\$ 329,342	\$ -	\$ 1,703,305

See notes to financial statements.

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

STATEMENTS OF CASH FLOWS

Years ended June 30,	2017	2016
Cash flows from operating activities:		
Increase in net assets	\$ 136,202	\$ 17,172
Adjustments to reconcile above to net cash provided by operating activities:		
Depreciation and amortization	39,557	38,775
Contributed equipment	(7,500)	
Loss on disposal of equipment	55	
Net realized and unrealized (gain) loss on investments	(53,120)	3,754
Provision for bad debts		5,000
(Increase) decrease in operating assets:		
Contributions receivable	(18,075)	(81,726)
Inventory	1,792	15,601
Prepaid expenses	(6,330)	13,158
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	8,728	(13,743)
Deferred revenue	17,440	11,610
Net cash provided by operating activities	118,749	9,601
Cash flows from investing activities:		
Purchases of investments	(318,336)	(286,645)
Proceeds from sale of investments	314,654	284,854
Net cash used in investing activities	(3,682)	(1,791)
Cash flows from financing activity:		
Payments on mortgages payable	(33,916)	(32,005)
Net cash used in financing activity	(33,916)	(32,005)
Net increase (decrease) in cash	81,151	(24,195)
Cash, beginning of year	361,274	385,469
Cash, end of year	\$ 442,425	\$ 361,274
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 28,174	\$ 30,085

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 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 \$396,849 and \$260,000 for the years ended June 30, 2017 and 2016, respectively.

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 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:

The Foundation reports 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, 2017 and 2016.

**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 statements 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, 2017 and 2016.

Investments:

The Foundation reports all investments at their fair value based on quoted prices in active markets (all Level 1 inputs). Realized and unrealized investment gains and losses and other investment income are reflected in the statements of activities and changes in net assets as changes in unrestricted net assets.

**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 net of an allowance for doubtful accounts. The Foundation estimates the allowance based on an analysis of specific donor history and experience. Unconditional promises to give that are expected to be collected in future years are recorded at the present value (if significant) of their estimated future cash flows.

June 30,	2017	2016
Receivable due in less than one year	\$ 153,075	\$ 113,750
Receivable due in one to five years		21,250
Unconditional promises to give	\$ 153,075	\$ 135,000

An allowance for doubtful accounts is considered unnecessary and is not provided for the years ended June 30, 2017 and 2016.

Inventory:

The Foundation maintains an inventory of various clothing, toys and household items which is carried at the lower of cost (specific identification) 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, 2017 and 2016 was \$9,801 and \$11,593, respectively.

Property and equipment and related depreciation:

Property and equipment are stated at cost or, if donated, at fair value at the date of donation. Depreciation of property and equipment is provided over the estimated useful lives of the assets using the straight-line method, ranging from five to thirty-nine 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 reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Foundation recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. Donated goods and services of the following are included as in-kind contribution revenue under special events and other fundraisers in the statements of activities and changes in net assets:

Years ended June 30,	2017	2016
Event expenses	\$ 56,175	\$ 38,575
Bear Hugs	120,296	140,100
Professional fees	16,582	
Other	7,500	
Total donated goods and services	\$ 200,553	\$ 178,675

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 financial statement recognition were not met.

Donated goods and services includes \$25,000 and \$14,075 from donors affiliated with the Board of Directors for the years ended June 30, 2017 and 2016, respectively.

Public relations and advertising:

Advertising costs are expensed as incurred and totaled \$1,831 and \$2,389 for the years ended June 30, 2017 and 2016, respectively.

Functional allocation of expenses:

The costs of providing the various programs and activities have been summarized on a functional basis in the statements 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, 2017 and 2016, the Foundation's uninsured cash balances totaled \$415,792 and \$406,661, 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

Investments are summarized as follows:

June 30,	2017	2016
Fair value:		
Equity securities	\$ 357,539	\$ 237,472
U.S. government obligations	63,122	55,666
Domestic corporate bonds	38,297	37,034
Mutual funds:		
Equity funds	38,528	119,044
Fixed income funds	110,226	92,440
Other	56,294	65,548
Total assets	\$ 664,006	\$ 607,204

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Investments (continued)

Dividend income of \$18,758 and \$19,749 for the years ended June 30, 2017 and 2016, respectively, is included in investment income and other interest, and unrealized gains of \$48,290 and \$17,398 for the years ended June 30, 2017 and 2016, respectively, is included in realized and unrealized gain (loss) on investments on the statements of activities and changes in net assets.

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. The 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 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.

5. Property and equipment

The following is a summary of property and equipment:

June 30,	2017	2016
Buildings and building improvements	\$ 1,500,220	\$ 1,500,220
Furniture and equipment	25,179	18,149
	1,525,399	1,518,369
Less accumulated depreciation	359,561	320,635
Property and equipment, net	\$ 1,165,838	\$ 1,197,734

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Mortgages payable

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

The Foundation has a mortgage loan agreement in the principal amount of \$630,000. The mortgage balance at June 30, 2017 and 2016 was \$486,622 and \$520,538, 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 collateralized by the underlying property.

Future minimum principal payments are as follows:

Year ending June 30:	Principal
2018	\$ 236,522
2019	37,957
2020	40,098
2021	42,360
2022	44,749
Thereafter	284,936
Total	\$ 686,622

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 Board-designated endowment balance totaled \$525,000 at June 30, 2017 and 2016.

**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,	2017	2016
Purpose-restricted funds:		
Pillars of Hope		\$ 770
Research grants	\$ 435	15,024
Bear Hugs - Naples chapter	94,500	
Time-restricted funds:		
Wakerly Family Foundation	60,000	
Necessities 100	44,071	75,250
Total temporarily restricted net assets	\$ 199,006	\$ 91,044

9. Subsequent events

Management of the Foundation has reviewed and evaluated subsequent events from June 30, 2017, the financial statement date, through September 12, 2017, the date the financial statements were available to be issued.

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

SCHEDULES OF FUNDRAISING EVENTS AND MERCHANDISE SALES

Years ended June 30, Event	2017				2016			
	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	\$ 760,717	\$ 244,510	\$ 54,512	\$ 461,695	\$ 574,462	\$ 202,369	\$ 48,136	\$ 323,957
Golf for the Bear	59,901	22,716	1,845	35,340				
Bear Walk	112,518	20,106		92,412	94,948	23,510		71,438
Little Black Dress	57,616	9,048		48,568	48,731	9,384		39,347
Other fundraising events	221,087	58,170	612	162,305	376,181	72,630	7,276	296,275
Total fundraising events	1,211,839	354,550	56,969	800,320	1,094,322	307,893	55,412	731,017
Merchandise sales	645		135	510	1,196		984	212
Total fundraising events and merchandise sales	\$ 1,212,484	\$ 354,550	\$ 57,104	\$ 800,830	\$ 1,095,518	\$ 307,893	\$ 56,396	\$ 731,229