

**ST. BALDRICK'S FOUNDATION**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

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INDEPENDENT AUDITORS' REPORT

To the Audit Committee  
**ST. BALDRICK'S FOUNDATION**  
Monrovia, California

We have audited the accompanying financial statements of St. Baldrick's Foundation (the "Foundation"), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to 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 ("U.S. GAAP"); 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 U.S ("U.S. GAAS"). 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 auditors' 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 auditors consider 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 St. Baldrick's Foundation as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. GAAP.

*RBZ, LLP*

December 15, 2014

**ST. BALDRICK'S FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2014 AND 2013**

ASSETS

	2014	2013
Cash and Cash Equivalents	\$ 148,037	\$ 687,904
Investments	48,633,274	47,689,064
Prepaid and Other Current Assets	409,934	290,833
Website Development Costs	1,535,155	1,187,456
Property and Equipment, net	84,802	92,806
Security Deposits	20,520	20,520
	\$ 50,831,722	\$ 49,968,583

LIABILITIES AND NET ASSETS

	2014	2013
Liabilities		
Grants payable	\$ 35,023,188	\$ 33,491,317
Accounts payable and accrued expenses	376,404	2,950,183
Other liabilities	297,806	436,603
Total Liabilities	35,697,398	36,878,103
Commitment (Note 7)		
Net Assets		
Unrestricted	15,041,824	13,090,480
Temporarily restricted	92,500	-
Total Net Assets	15,134,324	13,090,480
	\$ 50,831,722	\$ 49,968,583

See accompanying notes to financial statements.

**ST. BALDRICK'S FOUNDATION**

**STATEMENTS OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2014 AND 2013**

	2014	2013
Revenue, Gains and Support		
Contributions	\$ 37,420,170	\$ 33,346,307
Contributed services and assets	597,496	700,538
Interest and dividend income	247,249	307,067
Realized gains (losses) on sales of investments	(10,993)	(258,316)
Unrealized gains (losses) on investments	830,301	(14,526)
Sales of goods, net	72	574
	39,084,295	34,081,644
Functional Expenses		
Childhood cancer research	28,726,542	25,233,105
Management and general	1,364,209	972,195
Fundraising	7,042,200	5,523,621
	37,132,951	31,728,921
Increase in Unrestricted Net Assets	1,951,344	2,352,723
Increase in Temporarily Restricted Net Assets		
Contributions	92,500	-
Total Increase in Net Assets	2,043,844	2,352,723
Net Assets, beginning of year	13,090,480	10,737,757
Net Assets, end of year	\$ 15,134,324	\$ 13,090,480

See accompanying notes to financial statements.

**ST. BALDRICK'S FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Childhood Cancer Research	Management and General	Fundraising	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Grants	\$ 26,755,790	\$ -	\$ -	\$ 26,755,790
Salaries and benefits	907,412	705,186	2,665,845	4,278,443
Marketing and publicity	1,381	-	179,997	181,378
Event promotion costs	11,293	5,458	1,225,604	1,242,355
Donation processing and bank fees	17,561	33,897	698,376	749,834
Printing costs	2,562	330	75,455	78,347
Occupancy	43,555	57,131	278,578	379,264
Other operating costs	46,379	35,938	156,705	239,022
Professional fees and consultants	516,212	179,334	109,354	804,900
Technology and information systems	190,558	118,256	670,485	979,299
Meetings, conventions and travel	78,092	35,566	63,261	176,919
Depreciation and amortization	155,747	152,068	918,540	1,226,355
Investment fees	-	41,045	-	41,045
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<u>\$ 28,726,542</u>	<u>\$ 1,364,209</u>	<u>\$ 7,042,200</u>	<u>\$ 37,132,951</u>

See accompanying notes to financial statements.

**ST. BALDRICK'S FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Childhood Cancer Research	Management and General	Fundraising	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Grants	\$ 23,565,427	\$ -	\$ -	\$ 23,565,427
Salaries and benefits	619,512	566,492	2,358,527	3,544,531
Marketing and publicity	15,470	1,804	800,554	817,828
Donation processing and bank fees	2,898	2,387	611,536	616,821
Postage and shipping	1,756	1,253	489,879	492,888
Occupancy	44,133	48,226	252,912	345,271
Other operating costs	75,857	50,013	246,518	372,388
Professional fees and consultants	629,395	119,678	6,973	756,046
Technology and information systems	129,316	55,499	292,917	477,732
Meetings, conventions and travel	64,638	26,303	65,910	156,851
Depreciation and amortization	84,703	69,584	397,895	552,182
Investment fees	<u>-</u>	<u>30,956</u>	<u>-</u>	<u>30,956</u>
	<u>\$ 25,233,105</u>	<u>\$ 972,195</u>	<u>\$ 5,523,621</u>	<u>\$ 31,728,921</u>

See accompanying notes to financial statements.

**ST. BALDRICK'S FOUNDATION**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 2,043,844	\$ 2,352,723
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	1,226,355	552,182
Realized losses on sales of investments	10,993	258,316
Unrealized (gains) losses on investments	(830,301)	14,526
Investment fees	41,045	30,956
(Increase) decrease in operating assets		
Prepaid expenses and other assets	(119,101)	(30,116)
Increase (decrease) in operating liabilities		
Grants payable	1,531,871	8,631,002
Accounts payable and accrued expenses	(2,573,779)	2,700,423
Other liabilities	<u>(138,797)</u>	<u>14,742</u>
Net Cash Provided by Operating Activities	<u>1,192,130</u>	<u>14,524,754</u>
Cash Flows from Investing Activities		
Purchases of investments	(5,135,308)	(38,709,679)
Sales of investments	1,607,200	5,594,593
Reinvestment of interest and dividend income	(240,948)	(280,255)
Net cash and cash equivalent activity within investment accounts	3,603,109	442,309
Purchases of property and equipment	(42,175)	(115,361)
Website development costs	<u>(1,523,875)</u>	<u>(1,000,263)</u>
Net Cash Used in Investing Activities	<u>(1,731,997)</u>	<u>(34,068,656)</u>
Net Decrease in Cash and Cash Equivalents	(539,867)	(19,543,902)
Cash and Cash Equivalents, Beginning of Year	<u>687,904</u>	<u>20,231,806</u>
Cash and Cash Equivalents, End of Year	<u>\$ 148,037</u>	<u>\$ 687,904</u>

See accompanying notes to financial statements.

**ST. BALDRICK'S FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 1 - NATURE OF OPERATIONS

St. Baldrick's Foundation (the "Foundation"), a nonprofit entity, was established in 2004 with the ultimate goal of finding cures for childhood cancers and giving survivors long and healthy lives. Volunteers raise funds which are granted for life-saving research, family support activities and advocacy efforts to raise awareness of the challenges facing child cancer treatments and cures.

The Foundation's signature fundraising event is headshaving, where volunteers, in acts of solidarity, show support for children with cancer. This life-changing activity brings volunteers to the Foundation, engages them in its mission and raises awareness of the many challenges faced by the children, their families, and the doctors and researchers in this community.

The Foundation provides support to families of newly-diagnosed children, teens, and young adults through its partnership with, and major funding of, the Children's Oncology Group (the "COG"). The COG is the largest group to provide clinical trials to patients and provides a handbook to assist the patients and families in navigating through support, healthcare and quality of life issues.

The Foundation's advocacy efforts ensure that the government and public continue to be aware and involved with the issues surrounding pediatric oncology. Speak Up for Kids' Cancer ("Speak Up") is the advocacy action network of the Foundation. Speak Up gives a voice to the vast network of volunteers, donors, and participants involved in the work of the Foundation, the largest private funder of childhood cancer research grants, second only to the U.S. government.

The Foundation's signature and priority program is funding the highest quality childhood cancer research grants. Funding decisions, informed by a scientific review process, are more rigorous than most charity funders and involve 200 pediatric cancer experts. Outcomes of research are also closely monitored by experts who review annual progress reports and other measures of success.

The goal of this research is to find new treatments and cures for childhood cancers, to reduce toxic side effects of treatment for patients, and to reduce the long-term effects of treatment – some life-threatening – with which the vast majority of childhood cancer survivors must cope.

**ST. BALDRICK'S FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income Taxes

The Internal Revenue Service has determined that the Foundation is an organization exempt from federal income tax under Section 501(c)(3) of the IRC. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The Foundation's federal income tax and informational returns for tax years 2010 and subsequent remain subject to examination by the Internal Revenue Service. The returns for California, the Foundation's most significant state tax jurisdiction, remain subject to examination by the California Franchise Tax Board for tax years 2009 and subsequent.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

Cash and Cash Equivalents

The Foundation considers all highly-liquid financial instruments with an original maturity of three months or less to be cash equivalents, except those which have been classified as investments.

Concentration of Risk

The Foundation's bank balances generally exceed the Federal Deposit Insurance Corporation ("FDIC") insured limits. The Foundation has not experienced and does not anticipate any losses related to these balances.

Reserves

The Foundation's policy is to fully reserve for grants awarded at the time the grant commitment is made. This policy provides the financial commitment to its researchers that these vital research projects can be completed without regard to future unforeseen events.

As of June 30, 2014, the reserve for outstanding grants awarded was \$35,023,188.

Further, the Board of Directors, in its prudence, reserves the Foundation's estimate of \$13 million for one year of operating expenses and budgeted capital expenditures.

**ST. BALDRICK'S FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reserves (Continued)

All funds in excess of the obligated grant amounts and one year's operating expenditures will be granted to worthy beneficiaries to meet the Foundation's goal to find cures for childhood cancers as quickly as possible.

Investments

Investments are monitored by the Board of Directors' finance committee and are stated at fair value. Unrealized gains and losses are recognized aggregately. Realized gains and losses are recognized immediately and are computed using the specific identification method.

The Foundation's Board of Directors (the "Board") has adopted an investment policy whereas all investments will be made through low-risk investments, invested with the view towards preservation of capital, with terms no longer than two years, and will be made only through the permissible asset mix as defined in the policy.

ASC Topic *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the U.S., and expands disclosures about fair value measurements. Under this topic, the Foundation must report its investments at fair value among three categories of price inputs available. These categories of inputs are quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3).

Website Development Costs

The Foundation recognizes the costs incurred in the development of the Foundation's website in accordance with ASC Topic *Intangibles-Goodwill and Other*. Accordingly, direct costs incurred during the application stage of development are capitalized and amortized over the estimated useful life, which is 36 months or less. Fees for website hosting and costs of operating the website are expensed as incurred.

Property and Equipment

Property and equipment are recorded at cost. Property and equipment are being depreciated using the straight-line method over estimated lives of five to seven years.

**ST. BALDRICK'S FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-Lived Assets

Management reviews each asset or asset group for impairment whenever events or circumstances indicate that the carrying value of an asset or asset group may not be recoverable, but at least annually. No impairment provisions were recorded by the Foundation during the years ended June 30, 2014 or 2013.

Grants

The Foundation's priority is to fund research that will result in new treatments and cures for childhood cancers of all types, while giving survivors long and healthy futures free of what are often life-threatening late effects.

The highest quality research projects can require a commitment of up to five years of funding. The Foundation records appropriations for grants as a liability and expense after approval by the Board, based upon a professional review system (see "Nature of Operations" note above).

Quality research projects require a commitment of more than one year in order to ensure that findings are not only useful, but able to be utilized in the next phase of research.

Each grant type addresses a vital need in childhood cancer research:

**Fellowships** (funded for 2-3 years) fund the training of new medical doctors to specialize in pediatric cancer research. During these years, the Fellow engages in a specific research project under the guidance of a mentor.

**Summer Fellowships** cover a small stipend for medical school students to spend a summer conducting research under expert guidance in a pediatric oncology research laboratory. While accomplishing meaningful work, these young people may also be inspired to choose pediatric cancer research as their specialty.

**Scholar Awards** (funded for 3-5 years) are for early career pediatric oncology researchers conducting specific research projects. These younger professionals might otherwise be unable to pursue their new ideas, as they must compete with more established experts for extremely scarce funding.

**Research grants** are for 1-year projects to find new and better cures.

**ST. BALDRICK'S FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants (Continued)

**Supportive care research grants** are for 1-year projects, often conducted by research nurses, to improve patient care, symptom management, psychosocial care, compliance with therapy, survivorship issues, and more.

**Consortium grants** (funded for 1-5 years) are awarded to groups of researchers from multiple institutions who are collaborating on research projects with great promise.

**Cooperative research** funding is granted to the COG, with funds distributed to its more than 200 member institutions to support clinical trials, thereby funding virtually every institution qualified to treat childhood cancers.

**The Stand Up To Cancer** – St. Baldrick's Pediatric Cancer Dream Team is an unprecedented grant (now in the 2nd of an anticipated 4 years, co-funded by SU2C), focused on curing the most difficult-to-cure childhood cancers by bringing together the fields of immunotherapy and genomics.

**International Scholar Awards** (funded for 3-5 years) are for researchers from low- to middle-income countries to train in the U.S. or other developed countries, then return to pursue vital research and offer a higher quality of care to patients in their home countries.

**International beneficiary grants** (1 year) are for organizations outside the U.S., supporting research or funds to help patients in these countries where the Foundation has a presence.

**Infrastructure grants** (1 year) are for resources to make more research possible, often funding a clinical research associate who ensures more clinical trials are open to give patients the option of the highest quality of care without traveling to another institution.

Unrestricted Net Assets

Limits on net assets are broad limits resulting from the nature of the Foundation and the purposes specified in its articles of incorporation or bylaws and therefore are classified as unrestricted.

**ST. BALDRICK'S FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Temporarily Restricted Net Assets

Temporarily restricted net assets include contributions that are temporarily restricted by the donor or grantor. When the restriction expires, or is met, the net assets of this classification are reclassified to unrestricted net assets. Restricted contributions, where restrictions are met in the same reporting period, are classified as unrestricted. The total balance of temporarily restricted net assets of \$92,500 was time restricted at June 30, 2014, and is included in "Prepaid Expenses and Other Assets" on the Statement of Financial Position.

Contributions

Contributions are recognized as revenue in the period received. The Foundation reports gifts of cash and other assets as unrestricted support unless they are received with donor stipulations that limit the use of the donated assets. No gifts of cash or other assets have been received with donor stipulations.

Contributed Services and Assets

Contributed services are reported at the estimated fair value in the financial statements for voluntary donations of services when those services (1) create or enhance nonfinancial assets, or (2) require specialized skills provided by individuals possessing those skills, and (3) are services which would typically be purchased if not provided by donation. The Foundation recorded contributed services revenue and a related expense for the years ended June 30, 2014 and 2013 of \$518,921 and \$538,484, respectively, primarily relating to public relations, advertising and attorney services.

Contributed assets consist of items for auction or raffle and donated furniture and other items for operations which are recorded at fair value at the date of the gift, as contributed asset revenue. The Foundation recorded contributed assets for the years ended June 30, 2014 and 2013 of \$78,575 and \$162,054, respectively.

Volunteers

A number of volunteers, including members of the Board, have made significant contributions of time to the Foundation's policymaking, program, fundraising and support functions. In particular, for the years ended June 30, 2014 and 2013, the Foundation's grant applications were reviewed by a team of over 199 and 110 medical doctors and researchers who contributed approximately 1,194 and 575 hours, respectively. The value of this contributed time does not meet the criteria for recognition of contributed services as detailed above and, therefore, is not reflected in the accompanying statements of activities.

**ST. BALDRICK'S FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Partnerships with Foreign Organizations

Recognizing that childhood cancer knows no boundaries, the Foundation carefully partners with pediatric cancer nonprofits worldwide in order to ensure that funding for research is global. The Foundation provides support and expertise in fundraising in order to maximize fundraising efforts in the countries that want assistance.

Grant funding in partnership with foreign organizations is evaluated to ensure that research funding is specific to childhood cancer treatments. The Foundation's support and partnerships generated approximately \$564,491 and \$575,242 of contributions for the years ended June 30, 2014 and 2013, respectively. The Foundation partnered with organizations in multiple countries, including Canada, Bermuda, Ireland, The Netherlands, Hong Kong, Singapore, United Kingdom, Germany, Thailand, India, Australia and Japan.

Functional Allocation of Expenses

Expenses that can be directly identified with a program or the supporting service to which they relate are charged accordingly. Other expenses by function have been allocated among program and supporting service classifications using methods determined by management to be reasonable.

Subsequent Events

The Foundation has evaluated events subsequent to June 30, 2014, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through December 15, 2014, the date the financial statements were available to be issued. Based upon this evaluation, it was determined no subsequent events occurred that require recognition or additional disclosure in the financial statements.

NOTE 3 - INVESTMENTS

The Foundation's investment policy allows for investments in equities which are components of the Standard & Poor's 500 or Dow Jones Industrial Average, fixed-income securities rated A or higher, certificates of deposit and bankruptcy-remote money market funds.

**ST. BALDRICK'S FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 3 - INVESTMENTS (Continued)

As of June 30, 2014 and 2013, the investment portfolio included cash and cash equivalents (consisting of Federated U.S. Treasury Cash Reserves) and fixed-income securities. The fair value of the fixed-income securities is based upon significant observable inputs (Level 2 in the fair value hierarchy). All other investments are Level 1.

Investments consist of the following:

	2014	2013
Cash and cash equivalents	\$ 36,227,596	\$ 39,631,422
Fixed income securities	5,330,349	2,060,740
Equity mutual funds	7,075,329	5,996,902
	\$ 48,633,274	\$ 47,689,064

Activity in the investments during the year was as follows:

	2014	2013
Balance, beginning of year	\$ 47,689,064	\$ 15,039,830
Purchases of investments	5,135,308	38,709,679
Sales of investments	(1,607,200)	(5,594,593)
Net purchases and sales of cash equivalents included in investment accounts	(3,603,109)	(442,309)
Reinvestment of interest and dividend income	240,948	280,255
Realized losses on sales of investments	(10,993)	(258,316)
Unrealized gains (losses) on investments	830,301	(14,526)
Investment fees	(41,045)	(30,956)
Balance, end of year	\$ 48,633,274	\$ 47,689,064

**ST. BALDRICK'S FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 3 - INVESTMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 36,227,596	\$ -	\$ -	\$ 36,227,596
Fixed income securities	-	5,330,349	-	5,330,349
Equity mutual funds	<u>7,075,329</u>	<u>-</u>	<u>-</u>	<u>7,075,329</u>
	<u>\$ 43,302,925</u>	<u>\$ 5,330,349</u>	<u>\$ -</u>	<u>\$ 48,633,274</u>

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 39,631,422	\$ -	\$ -	\$ 39,631,422
Fixed income securities	-	2,060,740	-	2,060,740
Equity mutual funds	<u>5,996,902</u>	<u>-</u>	<u>-</u>	<u>5,996,902</u>
	<u>\$ 45,628,324</u>	<u>\$ 2,060,740</u>	<u>\$ -</u>	<u>\$ 47,689,064</u>

**ST. BALDRICK'S FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 4 - WEBSITE DEVELOPMENT COSTS

Website development costs are summarized as follows:

	2014	2013
Website development	\$ 3,608,406	\$ 3,514,837
Video production	-	30,182
	3,608,406	3,545,019
Accumulated amortization	(2,073,251)	(2,357,563)
	\$ 1,535,155	\$ 1,187,456

Amortization expense for the years ended June 30, 2014 and 2013 was \$1,176,176 and, \$487,138, respectively.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2014	2013
Equipment	\$ 181,794	\$ 234,162
Furniture and fixtures	12,767	89,790
	194,561	323,952
Accumulated depreciation	(109,759)	(231,146)
	\$ 84,802	\$ 92,806

Depreciation expense for the years ended June 30, 2014 and 2013 was \$50,179 and \$65,044, respectively.

**ST. BALDRICK'S FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 6 - GRANTS PAYABLE

The highest quality research projects often require a commitment of 2 - 5 years of funding. All continuing grant recipients are subject to discretionary renewal, based on the fulfillment of the requirements of performing the childhood cancer research approved through the review process. The grant recipient provides appropriate and timely grant reports and complies with Foundation policies regarding the use of funds.

At June 30, 2014 and 2013, the Foundation has committed to continuing grants for Fellows, Scholars, International Scholars, and Consortia aggregating \$35,023,188 and \$33,491,317, respectively, that are scheduled to be disbursed through June 30, 2018. Management estimates the likelihood of the recipients not meeting these conditions as remote and, therefore, these grants meet the criteria for recognition of a payable contained in ASC Topic *Not-for-Profit Entities, Contributions Made* and, accordingly, have been included in the accompanying financial statements.

Promises to give that are expected to be paid within one year are recorded at net realizable value. Promises to give that are expected to be paid in future years are recorded at the present value of their future cash flows. The discounts on those amounts are computed using money market interest rates applicable to the years in which the promises are made. For the year ended June 30, 2014, the interest rate applied was .4%. Amortization of the discount is included in grant expense.

Future minimum payments on research grant commitments are as follows:

<u>Year Ending June 30,</u>	
2015	\$ 27,825,273
2016	5,084,207
2017	1,653,835
2018	<u>502,455</u>
	35,065,770
Present value discount	<u>(42,582)</u>
	<u>\$ 35,023,188</u>

**ST. BALDRICK'S FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 7 - COMMITMENT

At June 30, 2014, the Foundation was obligated under a noncancelable operating lease for office space expiring December 31, 2018. In addition, the Foundation is responsible for its applicable share of the landlord's direct expenses over the terms of the lease.

Future minimum lease payments are as follows:

Year Ending June 30,

2015	\$	538,140
2016		554,134
2017		570,586
2018		584,406
2019		<u>196,413</u>
	\$	<u>2,443,679</u>

Rent expense for the years ending June 30, 2014 and 2013 totaled \$379,264 and \$345,271, respectively.