

**ST. BALDRICK'S FOUNDATION**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

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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 statement of financial position as of June 30, 2015, and the related statement of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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, 2015, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. GAAP.

**Prior Period Financial Statements**

The financial statements as of and for the year ended June 30, 2014 were audited by RBZ, LLP, which became part of Armanino<sup>LLP</sup> as of August 1, 2015, and whose report dated December 15, 2014, expressed an unmodified opinion on those statements.

*Armanino LLP*

Armanino LLP  
Los Angeles, California

October 28, 2015

**ST. BALDRICK'S FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2015 AND 2014**

ASSETS

	2015	2014
Cash and Cash Equivalents	\$ 364,062	\$ 148,037
Pledges Receivable	555,250	92,500
Investments	51,332,382	48,633,274
Prepaid and Other Current Assets	43,059	317,434
Website and Software Development Costs	1,994,476	1,535,155
Property and Equipment, net	68,129	84,802
Security Deposits	20,520	20,520
	\$ 54,377,878	\$ 50,831,722

LIABILITIES AND NET ASSETS

	2015	2014
Liabilities		
Grants payable	\$ 36,390,795	\$ 35,023,188
Accounts payable and accrued expenses	506,129	376,404
Other liabilities	120,557	297,806
Total Liabilities	37,017,481	35,697,398
Commitment (Note 7)		
Net Assets		
Unrestricted		
General	15,999,881	15,041,824
Dr. Robert J. Arceci Innovation Award	805,266	-
Unrestricted	16,805,147	15,041,824
Temporarily restricted	555,250	92,500
Total Net Assets	17,360,397	15,134,324
	\$ 54,377,878	\$ 50,831,722

See accompanying notes to financial statements.

**ST. BALDRICK'S FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue, Gains and Support			
Contributions	\$ 35,483,702	\$ 555,250	\$ 36,038,952
Contributed services and assets	560,530	-	560,530
Interest and dividend income	609,088	-	609,088
Realized gains on sales of investments	43,520	-	43,520
Unrealized losses on investments	(326,812)	-	(326,812)
Sales of goods, net	(9,390)	-	(9,390)
Net Assets Released from Restriction	<u>92,500</u>	<u>(92,500)</u>	<u>-</u>
	<u>36,453,138</u>	<u>462,750</u>	<u>36,915,888</u>
Functional Expenses			
Childhood cancer research	25,686,140	-	25,686,140
Management and general	1,520,673	-	1,520,673
Fundraising	<u>7,483,002</u>	<u>-</u>	<u>7,483,002</u>
	<u>34,689,815</u>	<u>-</u>	<u>34,689,815</u>
Increase in Net Assets	<u>1,763,323</u>	<u>462,750</u>	<u>2,226,073</u>
Net Assets, beginning of year	<u>15,041,824</u>	<u>92,500</u>	<u>15,134,324</u>
Net Assets, end of year	<u>\$ 16,805,147</u>	<u>\$ 555,250</u>	<u>\$ 17,360,397</u>

See accompanying notes to financial statements.

**ST. BALDRICK'S FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue			
Contributions	\$ 37,420,170	\$ 92,500	\$ 37,512,670
Contributed services and assets	597,496	-	597,496
Interest and dividend income	247,249	-	247,249
Realized losses on investments	(10,993)	-	(10,993)
Unrealized gains on investments	830,301	-	830,301
Sales of goods, net	<u>72</u>	<u>-</u>	<u>72</u>
	<u>39,084,295</u>	<u>92,500</u>	<u>39,176,795</u>
Functional Expenses			
Childhood cancer research	28,726,542	-	28,726,542
Management and General	1,364,209	-	1,364,209
Fundraising	<u>7,042,200</u>	<u>-</u>	<u>7,042,200</u>
	<u>37,132,951</u>	<u>-</u>	<u>37,132,951</u>
Increase in Net Assets	1,951,344	92,500	2,043,844
Net Assets, beginning of year	<u>13,090,480</u>	<u>-</u>	<u>13,090,480</u>
Net Assets, end of year	<u>\$ 15,041,824</u>	<u>\$ 92,500</u>	<u>\$ 15,134,324</u>

See accompanying notes to financial statements.

**ST. BALDRICK'S FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Childhood Cancer Research	Management and General	Fundraising	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Grants	\$ 23,129,708	\$ -	\$ -	\$ 23,129,708
Salaries and benefits	1,144,721	728,200	2,739,623	4,612,544
Marketing and publicity	79,261	39,630	277,411	396,302
Event promotion costs	-	-	1,412,236	1,412,236
Donation processing and bank fees	-	6,369	762,044	768,413
Printing costs	23,918	11,959	83,715	119,592
Occupancy	90,274	84,632	389,307	564,213
Other operating costs	77,823	52,924	140,498	271,245
Professional fees and consultants	357,349	99,049	205,855	662,253
Technology and information systems	295,249	181,482	483,118	959,849
Meetings, conventions and travel	82,671	33,073	69,780	185,524
Depreciation and amortization	405,166	233,750	919,415	1,558,331
Investment fees	<u>-</u>	<u>49,605</u>	<u>-</u>	<u>49,605</u>
	<u>\$ 25,686,140</u>	<u>\$ 1,520,673</u>	<u>\$ 7,483,002</u>	<u>\$ 34,689,815</u>

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	<u>-</u>	<u>41,045</u>	<u>-</u>	<u>41,045</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**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	2015	2014
Cash Flows from Operating Activities		
Changes in net assets	\$ 2,226,073	\$ 2,043,844
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	1,558,331	1,226,355
Realized (gains) losses on sales of investments	(43,520)	10,993
Unrealized (gains) losses on investments	326,812	(830,301)
Investment fees	49,605	41,045
Pledges receivable	(462,750)	(92,500)
Prepaid expenses and other current assets	274,375	(26,601)
Increase (decrease) in operating liabilities		
Grants payable	1,367,607	1,531,871
Accounts payable and accrued expenses	129,725	(2,573,779)
Other liabilities	(177,249)	(138,797)
Net Cash Provided by Operating Activities	5,249,009	1,192,130
Cash Flows from Investing Activities		
Purchases of investments	(8,581,188)	(5,135,308)
Sales of investments	868,279	1,607,200
Maturities of fixed income investments	2,746,000	-
Reinvestment of interest and dividend income	(607,005)	(240,948)
Net cash and cash equivalent activity within investment accounts	2,541,909	3,603,109
Purchases of property and equipment	(49,929)	(42,175)
Website development costs	(1,951,050)	(1,523,875)
Net Cash Used in Investing Activities	(5,032,984)	(1,731,997)
Net Increase (Decrease) in Cash and Cash Equivalents	216,025	(539,867)
Cash and Cash Equivalents, Beginning of Year	148,037	687,904
Cash and Cash Equivalents, End of Year	\$ 364,062	\$ 148,037

See accompanying notes to financial statements.

## **ST. BALDRICK'S FOUNDATION**

### **NOTES TO FINANCIAL STATEMENTS**

#### **FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

##### **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. While raising funds, 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, 2015 AND 2014**

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 2011 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 2010 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, 2015 and 2014, the reserve for outstanding grants awarded was \$36,390,795 and \$35,023,188.

## ST. BALDRICK'S FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

#### FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Reserves (Continued)

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.

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 and Software Development Costs

The Foundation recognizes the costs incurred in the development of the Foundation's custom website, which includes the public website, the member's management portal, and St. Baldrick's staff's management tool, and proprietary contribution and event software 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.

## ST. BALDRICK'S FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

#### FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

##### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

###### 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.

###### 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, 2015 or 2014.

###### 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).

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, 2015 AND 2014**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants (Continued)

**Supportive care research grants** are for 1-year projects, often conducted by research nurses, for research 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 fundraising 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, 2015 AND 2014**

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 \$555,250 and \$92,500 was time restricted at June 30, 2015 and 2014.

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, 2015 and 2014 of \$491,178 and \$518,921, 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, 2015 and 2014 of \$69,352 and \$78,575, 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, 2015 and 2014, the Foundation's grant applications were reviewed by a team of over 197 and 199 medical doctors and researchers who contributed approximately 2,042 and 1,194 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, 2015 AND 2014

#### 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 \$499,295 and \$564,491 of contributions for the years ended June 30, 2015 and 2014, 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, 2015, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through October 28, 2015, 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, 2015 AND 2014**

NOTE 3 - INVESTMENTS (Continued)

As of June 30, 2015 and 2014, 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:

	2015	2014
Cash and cash equivalents	\$ 34,243,087	\$ 36,227,596
Fixed income securities	10,019,244	5,330,349
Equity mutual funds	7,070,051	7,075,329
	\$ 51,332,382	\$ 48,633,274

Activity in the investments during the year was as follows:

	2015	2014
Balance, beginning of year	\$ 48,633,274	\$ 47,689,064
Purchases of investments	8,581,188	5,135,308
Sales of investments	(868,279)	(1,607,200)
Net cash and cash equivalent activity within investment accounts	(2,541,909)	(3,603,109)
Reinvestment of interest and dividend income	607,005	240,948
Realized gains (losses) on sales of investments	43,520	(10,993)
Unrealized gains (losses) on investments	(326,812)	830,301
Investment fees	(49,605)	(41,045)
Maturities of fixed income investments	(2,746,000)	-
Balance, end of year	\$ 51,332,382	\$ 48,633,274

**ST. BALDRICK'S FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

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, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 34,243,087	\$ -	\$ -	\$ 34,243,087
Fixed income securities	-	10,019,244	-	10,019,244
Equity mutual funds	<u>7,070,051</u>	<u>-</u>	<u>-</u>	<u>7,070,051</u>
	<u>\$ 41,313,138</u>	<u>\$ 10,019,244</u>	<u>\$ -</u>	<u>\$ 51,332,382</u>

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>

NOTE 4 - WEBSITE AND SOFTWARE DEVELOPMENT COSTS

Website and software development costs are summarized as follows:

	<u>2015</u>	<u>2014</u>
Website development	\$ 4,475,186	\$ 3,608,406
Accumulated amortization	<u>(2,480,710)</u>	<u>(2,073,251)</u>
	<u>\$ 1,994,476</u>	<u>\$ 1,535,155</u>

**ST. BALDRICK'S FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

NOTE 4 - WEBSITE AND SOFTWARE DEVELOPMENT COSTS (Continued)

Amortization expense for the years ended June 30, 2015 and 2014 was \$1,491,729 and \$1,176,176, respectively.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2015</u>	<u>2014</u>
Equipment	\$ 210,282	\$ 181,794
Furniture and fixtures	<u>12,767</u>	<u>12,767</u>
	223,049	194,561
Accumulated depreciation	<u>(154,920)</u>	<u>(109,759)</u>
	<u>\$ 68,129</u>	<u>\$ 84,802</u>

Depreciation expense for the years ended June 30, 2015 and 2014 was \$66,602 and \$50,179, respectively.

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, 2015 and 2014, the Foundation has committed to continuing grants for Fellows, Scholars, International Scholars, and Consortia aggregating \$36,390,795 and \$35,023,188, 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.

**ST. BALDRICK'S FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

NOTE 6 - GRANTS PAYABLE (Continued)

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, 2015, the interest rate applied was .4%. Amortization of the discount is included in grant expense.

In addition to the grants recorded as expenses during the current year, the Foundation's board of directors has initially committed \$805,266 to establish the Dr. Robert J. Arceci Innovation Award. Dr. Arceci served as a member of the board and led the Foundation's Scientific Advisory Committee. On June 8, 2015, the world lost this cancer research pioneer, thought leader and kind, beloved humanitarian suddenly and unexpectedly. The Foundation's board established this award one week later at the June 15, 2015 board meeting, knowing that the best recipients would be identified and named at later date. This award honors Dr. Arceci and reflects his values, which include true innovation, collaboration and development of early- to mid-career scientists.

The Dr. Robert J. Arceci Innovation Award is reflected within designated net assets on the Statements of Financial Position. The funds will provide one award to a U.S. researcher and one to an international researcher to fund innovative childhood cancer research over a multi-year period. With this new award and the current year grant expense of \$23,129,708, the Foundation's commitment to new funding totals \$23,934,974 for the current year. As the award recipients could not be named within the two weeks prior to the Foundation's June 30, 2015 year end, the award could not be included in the current year grant expense.

Future minimum payments on research grant commitments are as follows:

<u>Year Ending June 30,</u>	
2016	\$ 32,496,031
2017	3,089,393
2018	<u>847,953</u>
	36,433,377
Present value discount	<u>(42,582)</u>
	<u>\$ 36,390,795</u>

**ST. BALDRICK'S FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

NOTE 7 - COMMITMENT

At June 30, 2015, 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:

<u>Year Ending June 30.</u>	
2016	\$ 554,134
2017	570,586
2018	584,406
2019	<u>196,413</u>
	<u>\$ 1,905,539</u>

Rent expense for the years ending June 30, 2015 and 2014 totaled \$564,213 and \$379,264, respectively.

NOTE 8 - PLEDGES RECEIVABLE

Pledges receivable are scheduled to be paid as follows:

<u>Year Ending June 30.</u>	
2016	\$ 403,500
2017	<u>151,750</u>
	<u>\$ 555,250</u>

Management has determined that a discount on pledges receivable is immaterial.