

**Connecticut Sports Foundation
Against Cancer, Inc.**

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

June 30, 2013 and 2012

Connecticut Sports Foundation Against Cancer, Inc.

Index

	<u>Page</u>
Independent Auditor's Report	2
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 12
Supplementary Information:	
Schedules of General and Business Expenses	13

Independent Auditor's Report

To the Board of Directors
Connecticut Sports Foundation Against Cancer, Inc.

We have audited the accompanying financial statements of Connecticut Sports Foundation Against Cancer, Inc., which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Connecticut Sports Foundation Against Cancer, Inc. as of June 30, 2013 and 2012 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 Supplemental Schedules

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The information included in the schedules on page 13 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.

CohnReznick LLP

Glastonbury, Connecticut
September 20, 2013

Connecticut Sports Foundation Against Cancer, Inc.

**Statements of Financial Position
June 30, 2013 and 2012**

<u>Assets</u>	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and cash equivalents	\$ 33,372	\$ 83,751
Investments	5,178,068	4,785,724
Prepaid expenses	3,054	2,928
Inventory	26,485	22,683
Special events accounts receivable	25,000	44,800
	<u>5,265,979</u>	<u>4,939,886</u>
Total assets	<u>\$ 5,265,979</u>	<u>\$ 4,939,886</u>
 <u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accruals	<u>\$ 23,882</u>	<u>\$ 3,186</u>
Commitment		
Net assets:		
Unrestricted	64,029	150,976
Board designated	5,178,068	4,785,724
Total net assets	<u>5,242,097</u>	<u>4,936,700</u>
	<u>\$ 5,265,979</u>	<u>\$ 4,939,886</u>
Total liabilities and net assets	<u>\$ 5,265,979</u>	<u>\$ 4,939,886</u>

See Notes to Financial Statements.

Connecticut Sports Foundation Against Cancer, Inc.

**Statements of Activities
Years Ended June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Change in unrestricted net assets:		
Support, revenues and gains:		
Contributions	\$ 116,884	\$ 138,130
Special events, net:		
Connecticut, net of expenses of \$344,047 and \$400,411	435,758	626,680
New York, net of expenses of \$31,592 and \$41,090	51,579	111,508
Investment income, net	<u>297,338</u>	<u>57,443</u>
Total support, revenues and gains	<u>901,559</u>	<u>933,761</u>
Expenses:		
Research grant	100,000	100,000
Recipient payments	315,853	301,518
General and business expenses	<u>180,309</u>	<u>164,727</u>
Total expenses	<u>596,162</u>	<u>566,245</u>
Change in unrestricted net assets	305,397	367,516
Net assets, beginning of year	<u>4,936,700</u>	<u>4,569,184</u>
Net assets, end of year	<u><u>\$ 5,242,097</u></u>	<u><u>\$ 4,936,700</u></u>

See Notes to Financial Statements.

Connecticut Sports Foundation Against Cancer, Inc.

Statements of Cash Flows
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating activities:		
Change in unrestricted net assets	\$ 305,397	\$ 367,516
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Unrealized losses on investments	187,528	85,188
Realized (gains) losses on sale of investments	(321,026)	1,117
Changes in operating assets and liabilities:		
Prepaid expenses	(126)	8
Inventory	(3,802)	(6,015)
Special events accounts receivable	19,800	(28,300)
Accounts payable and accruals	20,696	535
Net cash provided by operating activities	<u>208,467</u>	<u>420,049</u>
Investing activities:		
Purchases of investments	(2,830,672)	(588,673)
Proceeds from sale of investments	<u>2,571,826</u>	<u>164,916</u>
Net cash used in investing activities	<u>(258,846)</u>	<u>(423,757)</u>
Net decrease in cash and cash equivalents	(50,379)	(3,708)
Cash and cash equivalents, beginning of year	<u>83,751</u>	<u>87,459</u>
Cash and cash equivalents, end of year	<u>\$ 33,372</u>	<u>\$ 83,751</u>

See Notes to Financial Statements.

Connecticut Sports Foundation Against Cancer, Inc.

Notes to Financial Statements

Note 1 - Organization and summary of significant accounting policies:

Organization:

Connecticut Sports Foundation Against Cancer, Inc. (the "Foundation") is a nonprofit corporation incorporated in 1987 in the State of Connecticut, whose purpose is to provide funds to benefit families affected by cancer and to support cancer research and education. The Foundation is led by a 16 member board of directors and a 10 member advisory board. Both boards consist of professionals, community leaders, financial experts and former professional athletes.

Basis of presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. They are described below:

Unrestricted - Net assets that are not subject to explicit donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted - Net assets whose use by the Foundation is subject to explicit donor-imposed stipulations or by operation of law that can be fulfilled by actions of the Foundation or that expire by the passage of time.

Permanently Restricted - Net assets subject to explicit donor-imposed stipulations that they be maintained permanently by the Foundation and stipulate the use of the income and/or appreciation as either unrestricted or temporarily restricted or by operation of law.

There are no temporarily or permanently restricted net assets at June 30, 2013 and 2012.

Contributions:

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Connecticut Sports Foundation Against Cancer, Inc.

Notes to Financial Statements

Cash and cash equivalents:

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents.

Investments:

The Foundation maintains investment accounts at a financial institution and is under the direction of the Board of Directors. Investment activity is administered by an outside investment manager according to the Foundation's written investment policy which includes criteria for current and total returns, risk tolerance, diversification and asset allocation. The brokerage account is under the auspices of the Securities Investor Protection Corporation ("SIPC"), which provides limited protection in the event of a brokerage firm failure.

Special events accounts receivable:

Special events accounts receivable are donations received during fundraisers. Receivables are written off when management determines amounts will not be collectable. No allowance is deemed necessary for both years ended June 30, 2013 and 2012.

Income tax status:

The Foundation is organized as a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code and as such is not subject to Federal or state corporate income taxes.

The Foundation has no unrecognized tax benefits at June 30, 2013 and 2012. The Foundation's Federal information returns prior to fiscal year 2010 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If the Foundation has unrelated business income taxes, it would recognize interest and penalties associated with any tax matters as part of the income tax provision and include accrued interest and penalties with the related tax liability in the statements of financial position.

Donated services:

A substantial number of unpaid volunteers have made significant contributions of their time to develop and staff the Foundation's events and programs. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

Fundraising expenses:

The Foundation is currently involved in several fundraising activities, including the annual sports dinner, Cycle Against Cancer and other ongoing initiatives. The related fundraising expenses were \$375,639 and \$441,501 in 2013 and 2012, respectively. Included in the fundraising expenses are in-kind contributions of \$58,370 and \$200,000 for 2013 and 2012, respectively, for the facilities and various expenses for the annual sports dinner.

Connecticut Sports Foundation Against Cancer, Inc.

Notes to Financial Statements

Memorabilia inventory:

Memorabilia inventory is stated at the lower of cost determined by the first-in, first-out method or market.

Endowment and spending policy:

The Foundation has investment and spending policies for endowment assets that attempt to provide a reasonably predictable stream of funding for activities supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include only board-designated funds.

Under this policy, as approved by the Board of Directors, the endowment assets are invested in accordance with sound investment practices that emphasize long-term investment fundamentals. It is recognized that short-term market fluctuations may cause variations in account performance.

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation can prudently invest for total return (income and gain) in any mix of investment vehicles considering general economic conditions, the possible effect of inflation or deflation, the role that each investment or course of action plays within the overall investment portfolio, the expected total return from income and the appreciation of investments, and the needs of the Foundation and the endowment funds to make distributions and to preserve capital to achieve its long-term return objectives within prudent risk constraints.

Annually, the Board of Directors will determine the distribution of funds from the endowment. Spending distributions may be made only from accumulated and current total investment returns (appreciation, dividends, interest and capital gains).

Use of estimates:

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events:

The Foundation has evaluated subsequent events through September 20, 2013, which is the date the financial statements were available to be issued.

Note 2 - Concentrations:

Concentrations of credit risk:

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Foundation maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed Federally insured limits. The Foundation has not experienced any losses in such accounts.

Connecticut Sports Foundation Against Cancer, Inc.

Notes to Financial Statements

Investments consist of mutual funds and fixed income securities with high credit ratings. This investment policy limits the Foundation's exposure to concentrations of credit risk.

Concentrations of revenue:

The Foundation's principal source of revenues is from table sales, auction proceeds and raffle proceeds in connection with its annual sports dinner. For the years ended June 30, 2013 and 2012, \$630,844 and \$929,442, respectively, was recognized as revenue and \$223,997 and \$311,603, respectively, of related expenses were incurred for this event. The net proceeds from this event represented 83% and 84% of the Foundation's total donations and special events net revenue for the years ended June 30, 2013 and 2012, respectively.

Note 3 - Fair value measurements:

The Foundation values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

The fair values of mutual funds, equities and money market funds for June 30, 2013 and 2012 were obtained from real time quotes for transactions in active exchange markets (Level 1). The fair values of corporate bonds were based on yields available on comparable instruments (Level 2). There were no changes in methodologies in 2013 and 2012.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Connecticut Sports Foundation Against Cancer, Inc.

Notes to Financial Statements

Financial assets carried at fair value at June 30, 2013 and 2012 are classified in the tables below in one of the three categories described above:

<u>2013</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 219,992	\$ -	\$ -	\$ 219,992
Equities:				
Common	1,920,578	-	-	1,920,578
Preferred	124,349	-	-	124,349
Fixed income:				
Sovereign securities	-	81,433	-	81,433
Corporate bonds:				
AA+	-	95,838	-	95,838
AA-	-	212,037	-	212,037
A	-	193,891	-	193,891
A-	-	273,907	-	273,907
BB+	-	189,744	-	189,744
BBB+	-	259,615	-	259,615
BBB	-	592,102	-	592,102
BBB-	-	310,580	-	310,580
Exchanged-traded and closed-end funds	704,002	-	-	704,002
	<u>\$2,968,921</u>	<u>\$ 2,209,147</u>	<u>\$ -</u>	<u>\$ 5,178,068</u>

<u>2012</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 316,230	\$ -	\$ -	\$ 316,230
Equities	1,975	-	-	1,975
Fixed income:				
Asset backed securities	87,323	-	-	87,323
Corporate bonds:				
AA+	-	97,286	-	97,286
AA	-	165,404	-	165,404
A+	-	380,900	-	380,900
A	-	397,940	-	397,940
A-	-	545,320	-	545,320
BBB+	-	8,741	-	8,741
BBB	-	280,090	-	280,090
Mutual funds:				
Domestic:				
Large value	160,892	-	-	160,892
Large blend	286,783	-	-	286,783
Large growth	352,596	-	-	352,596
Mid-cap growth	71,306	-	-	71,306
Small growth	141,363	-	-	141,363
Natural resource	104,192	-	-	104,192
Index	48,430	-	-	48,430
Diversified emerging market	173,941	-	-	173,941
International	1,165,012	-	-	1,165,012
	<u>\$2,910,043</u>	<u>\$ 1,875,681</u>	<u>\$ -</u>	<u>\$ 4,785,724</u>

Connecticut Sports Foundation Against Cancer, Inc.

Notes to Financial Statements

Note 4 - Investments:

At June 30, 2013 and 2012, investments consisted of the following:

	2013	
	Cost	Fair Value
Fixed income	\$ 2,213,593	\$ 2,209,147
Equities	1,925,950	2,044,927
Exchange-traded and closed-end funds	697,731	704,002
Money market funds	219,992	219,992
	\$ 5,057,266	\$ 5,178,068

	2012	
	Cost	Fair Value
Mutual funds	\$ 2,373,118	\$ 2,504,515
Fixed income	1,787,919	1,963,004
Money market funds	316,230	316,230
Equities	99	1,975
	\$ 4,477,366	\$ 4,785,724

The following summarizes investment income for the years ended June 30, 2013 and 2012:

	2013	2012
Interest and dividends	\$ 200,203	\$ 159,594
Less investment management fees	(36,363)	(15,846)
Net interest and dividends	163,840	143,748
Realized gain (loss)	321,026	(1,117)
Unrealized loss	(187,528)	(85,188)
Total investment income	\$ 297,338	\$ 57,443

Note 5 - Commitment:

Operating lease:

The Foundation occupies an office under a month-to-month operating lease. The Foundation's rent expense was \$18,525 for each of the years ended June 30, 2013 and 2012.

Note 6 - Endowment:

The Foundation's endowment includes all board-designated endowment funds, which are included in unrestricted net assets on the accompanying statements of financial position. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. There are no donor-restricted endowment funds as of June 30, 2013 and 2012.

Connecticut Sports Foundation Against Cancer, Inc.

Notes to Financial Statements

Changes in unrestricted endowment net assets for the year ended June 30, 2013 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-Designated Endowment Funds	\$ 5,178,068	\$ -	\$ -	\$ 5,178,068

Changes in endowment net assets for the year ended June 30, 2013 are as follows:

Endowment net assets, beginning of year	\$ 4,785,724	\$ -	\$ -	\$ 4,785,724
Interest and dividends, net of fees	163,840	-	-	163,840
Net realized and unrealized appreciation	133,498	-	-	133,498
Additional designation	376,674	-	-	376,674
Appropriation of endowment	(281,668)	-	-	(281,668)
Endowment net assets, end of year	\$ 5,178,068	\$ -	\$ -	\$ 5,178,068

Endowment net asset composition by type of fund as of June 30, 2012 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-Designated Endowment Funds	\$ 4,785,724	\$ -	\$ -	\$ 4,785,724

Changes in endowment net assets for the year ended June 30, 2012 are as follows:

Endowment net assets, beginning of year	\$ 4,448,272	\$ -	\$ -	\$ 4,448,272
Interest and dividends, net of fees	143,748	-	-	143,748
Net realized and unrealized depreciation	(86,305)	-	-	(86,305)
Additional designation	444,925	-	-	444,925
Appropriation of endowment	(164,916)	-	-	(164,916)
Endowment net assets, end of year	\$ 4,785,724	\$ -	\$ -	\$ 4,785,724

Note 7 - Endowment:

There is a related party between the Executive Director and a board member, the board member excuses himself from voting on matters related to the Executive Director

Connecticut Sports Foundation Against Cancer, Inc.

**Schedules of General and Business Expenses
Years Ended June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Salaries	\$ 108,822	\$ 90,790
Rent	18,525	18,525
Payroll taxes	15,248	12,751
Insurance - employment	13,798	8,212
Audit	9,000	9,000
Telephone	4,803	5,797
Website	2,260	4,503
Payroll processing fees	1,555	1,329
Marketing and event planning	1,351	4,538
Office supplies	1,330	280
Contracted services	1,300	2,223
Postage	1,015	1,058
Memorabilia supplies	513	2,785
Dues and credit card fees	367	794
Insurance - workers compensation	146	692
Insurance	89	582
Bank charges	67	-
Miscellaneous	120	868
	<u>\$ 180,309</u>	<u>\$ 164,727</u>

See Independent Auditor's Report.