

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

**Report on Financial Statements  
(With Supplementary Information)**

**Years Ended June 30, 2011 and 2010**

**CONNECTICUT SPORTS FOUNDATION AGAINST CANCER, INC.**

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## **Report of Independent Public Accountants**

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

We have audited the accompanying statements of financial position of Connecticut Sports Foundation Against Cancer, Inc. (a nonprofit Foundation) as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2011 and 2010, and the change in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on page 13 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

 J.H. Cohn LLP

Glastonbury, Connecticut  
October 18, 2011

**CONNECTICUT SPORTS FOUNDATION AGAINST CANCER, INC.**

**STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 87,459	\$ 64,326
Investments	4,448,272	3,604,169
Prepaid expenses	2,936	3,048
Inventory	16,668	25,651
Special event accounts receivable	16,500	600
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 4,571,835</u>	<u>\$ 3,697,794</u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
Curent liabilities:		
Accounts payable and accruals	<u>\$ 2,651</u>	<u>\$ 1,132</u>
Commitments		
Net assets:		
Unrestricted	<u>4,569,184</u>	<u>3,696,662</u>
	<u>                    </u>	<u>                    </u>
Total liabilities and net assets	<u>\$ 4,571,835</u>	<u>\$ 3,697,794</u>

See Notes to Financial Statements.

**CONNECTICUT SPORTS FOUNDATION AGAINST CANCER, INC.**

**STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Change in unrestricted net assets:		
Support, revenues and gains:		
Contributions	\$ 188,297	\$ 77,619
Special events, net		
Connecticut	701,591	884,687
New York	59,305	24,660
Investment income, net	533,865	190,593
Miscellaneous	204	113
	<u>1,483,262</u>	<u>1,177,672</u>
Net assets released from restrictions	-	76,000
Total support, revenues and gains	<u>1,483,262</u>	<u>1,253,672</u>
 Expenses:		
Research grant	100,000	100,000
Recipient payments	354,554	334,993
General and business expenses	156,186	187,202
Total expenses	<u>610,740</u>	<u>622,195</u>
 Increase in unrestricted net assets	872,522	631,477
 Change in temporary restricted net assets:		
Releases of purpose restrictions	-	(76,000)
 Change in net assets	872,522	555,477
 Net assets, beginning of year	<u>3,696,662</u>	<u>3,141,185</u>
 Net assets, end of year	<u>\$ 4,569,184</u>	<u>\$ 3,696,662</u>

See Notes to Financial Statements.

**CONNECTICUT SPORTS FOUNDATION AGAINST CANCER, INC.**

**STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Operating activities:		
Change in net assets	\$ 872,522	\$ 555,477
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	-	404
Bad debt expense	-	2,500
Unrealized gains on investments	(310,857)	(81,108)
Realized gains on sale of investments	(156,700)	(34,000)
Changes in operating assets and liabilities:		
Prepaid expenses	112	(469)
Inventory	8,983	306
Special event accounts receivable	(15,900)	12,532
Accounts payable and accruals	1,519	(2,557)
Net cash provided by operating activities	<u>399,679</u>	<u>453,085</u>
Investing activities:		
Purchases of investments	(592,515)	(655,253)
Proceeds from sale of investments	215,969	214,926
Net cash used in investing activities	<u>(376,546)</u>	<u>(440,327)</u>
Net increase in cash and cash equivalents	23,133	12,758
Cash and cash equivalents, beginning of year	<u>64,326</u>	<u>51,568</u>
Cash and cash equivalents, end of year	<u>\$ 87,459</u>	<u>\$ 64,326</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 14 member board of directors and a 19 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, 2011 and 2010.

#### 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

### **Note 1 - Organization and summary of significant accounting policies (continued):**

#### **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 Essex Financial Services that are 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.

#### **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, 2011 and 2010. The Foundation's U.S. Federal information returns prior to fiscal year 2008 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, wine tasting, ride America and other ongoing initiatives. The related fundraising expenses of \$360,651 and \$399,130, in 2011 and 2010, respectively, are netted against revenues in the statements of activities. Included in the fundraising expenses are in-kind contributions of \$200,000 and \$250,000 in 2011 and 2010, respectively, for the facilities and various expenses for the annual sports dinner.

# CONNECTICUT SPORTS FOUNDATION AGAINST CANCER, INC.

## NOTES TO FINANCIAL STATEMENTS

### **Note 1 - Organization and summary of significant accounting policies (concluded):**

#### **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 October 18, 2011, 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.

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.

# CONNECTICUT SPORTS FOUNDATION AGAINST CANCER, INC.

## NOTES TO FINANCIAL STATEMENTS

### **Note 2 – Concentrations (continued):**

#### **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, 2011 and 2010, \$878,650 and \$1,100,007, respectively, was recognized as revenue and \$261,777 and \$313,717, respectively, of related expenses were incurred for this event. The net proceeds from this event represented 81% and 86% of the Foundation's total donations and special events net revenue for the years ended June 30, 2011 and 2010, 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.

**CONNECTICUT SPORTS FOUNDATION AGAINST CANCER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 3 - Fair value measurements (continued):**

Financial assets carried at fair value at June 30, 2011 are classified in the table below:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 244,015	\$ -	\$ -	\$ 244,015
Equities	1,208	-	-	1,208
Corporate bonds:				
AA+	-	91,027	-	91,027
AA	-	147,881	-	147,881
AA-	-	256,682	-	256,682
A	-	707,602	-	707,602
A-	-	343,346	-	343,346
BBB	-	268,240	-	268,240
Mutual funds:				
Domestic:				
Large value	385,856	-	-	385,856
Large blend	200,295	-	-	200,295
Large growth	313,749	-	-	313,749
Mid cap blend	167,597	-	-	167,597
Multi sector	366,878	-	-	366,878
Small growth	122,108	-	-	122,108
International	831,788	-	-	831,788
	<u>\$2,633,494</u>	<u>\$ 1,814,778</u>	<u>\$ -</u>	<u>\$ 4,448,272</u>

Financial assets carried at fair value at June 30, 2010 are classified in the table below:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 6,467	\$ -	\$ -	\$ 6,467
Mutual funds:				
Domestic:				
Large value	303,825	-	-	303,825
Large blend	230,421	-	-	230,421
Large growth	367,249	-	-	367,249
Mid cap blend	1,234,265	-	-	1,234,265
Multi sector	497,747	-	-	497,747
Small growth	394,453	-	-	394,453
International	569,742	-	-	569,742
	<u>\$3,604,169</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,604,169</u>

The fair values of mutual funds, equities and money markets for June 30, 2011 and 2010 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 2011 and 2010.

**CONNECTICUT SPORTS FOUNDATION AGAINST CANCER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 3 - Fair value measurements (concluded):**

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.

**Note 4 - Investments:**

At June 30, 2011 and 2010, investments consisted of the following:

	<u>2011</u>	
	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$ 2,020,381	\$ 2,388,271
Fixed income	1,784,837	1,814,778
Money market funds	244,015	244,015
Equities	99	1,208
	<u>\$ 4,049,332</u>	<u>\$ 4,448,272</u>

  

	<u>2010</u>	
	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$ 3,509,619	\$ 3,597,702
Money market funds	6,467	6,467
	<u>\$ 3,516,086</u>	<u>\$ 3,604,169</u>

The following summarizes the investment income (loss) for the years ended June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Interest and dividends	\$ 78,108	\$ 88,435
Less investment management fees	(11,800)	(12,950)
Net investment income	<u>66,308</u>	<u>75,485</u>
Realized gains	156,700	34,000
Unrealized gains	310,857	81,108
Total investment income	<u>\$ 533,865</u>	<u>\$ 190,593</u>

**Note 5 - Commitments:**

**Operating leases:**

The Foundation occupies an office under an operating lease that expires August 31, 2012. The Foundation's office lease expense was \$18,931 and \$20,841 for the years ended June 30, 2011 and 2010, respectively.

The future minimum annual base rental payments under the noncancelable operating lease is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 18,585
2013	3,098
	<u>\$ 21,683</u>

# CONNECTICUT SPORTS FOUNDATION AGAINST CANCER, INC.

## NOTES TO FINANCIAL STATEMENTS

### 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, 2011 and 2010.

Changes in unrestricted endowment net assets for the year ended June 30, 2011 was as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-Designated Endowment Funds	<b><u>\$ 4,448,272</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,448,272</u></b>

Changes in Endowment net assets for the year ended June 30, 2011 is as follows:

Endowment net assets, beginning of year	\$ 3,604,169	\$ -	\$ -	\$ 3,604,169
Interest and dividends, net of fees	66,308	-	-	66,308
Net realized and unrealized appreciation	467,557	-	-	467,537
Additional designation	562,207	-	-	526,207
Appropriation of endowment	<u>(215,969)</u>	<u>-</u>	<u>-</u>	<u>(215,969)</u>
Endowment net assets, end of year	<b><u>\$ 4,448,272</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,448,272</u></b>

Endowment net asset composition by type of fund as of June 30, 2010 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-Designated Endowment Funds	<b><u>\$ 3,604,169</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,604,169</u></b>

Changes in Endowment net assets for the year ended June 30, 2010 is as follows:

Endowment net assets, beginning of year	\$ 3,048,734	\$ -	\$ -	\$ 3,048,734
Interest and dividends, net of fees	75,484	-	-	75,484
Net realized and unrealized appreciation	115,108	-	-	115,108
Additional designation	579,769	-	-	579,769
Appropriation of endowment	<u>(214,926)</u>	<u>-</u>	<u>-</u>	<u>(214,926)</u>
Endowment net assets, end of year	<b><u>\$ 3,604,169</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,604,169</u></b>

**CONNECTICUT SPORTS FOUNDATION AGAINST CANCER, INC.**

**SCHEDULES OF GENERAL AND BUSINESS EXPENSES  
YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Marketing and event planning	\$ 51,266	\$ 59,145
Salaries	41,389	41,348
Rent	18,931	20,841
Memorabilia supplies	8,983	3,621
Audit	8,300	12,750
Insurance - employment	8,200	20,175
Payroll taxes	8,077	8,296
Contracted services	2,986	-
Website	2,665	6,076
Payroll processing fees	1,288	1,207
Postage	929	981
Insurance	655	1,064
Office supplies	519	3,794
Dues and credit card fees	500	2,490
Insurance - workers compensation	406	461
Telephone	351	1,861
Bank charges	151	36
Bad debt expense	-	2,500
Depreciation	-	404
Miscellaneous	590	152
	<u>\$ 156,186</u>	<u>\$ 187,202</u>

See Report of Independent Public Accountants.