

**CHILDREN'S MEDICAL FUND OF NEW YORK**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**



**FRIEDMAN LLP**  
ACCOUNTANTS AND ADVISORS

CHILDREN'S MEDICAL FUND OF NEW YORK

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**FRIEDMAN LLP**  
ACCOUNTANTS AND ADVISORS

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Children's Medical Fund of New York

We have audited the accompanying financial statements of Children's Medical Fund of New York (the "Organization"), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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.

(Continued)

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children's Medical Fund of New York as of December 31, 2014 and 2013, 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.

*Friedman LLP*

August 13, 2015

**CHILDREN'S MEDICAL FUND OF NEW YORK**

**STATEMENTS OF FINANCIAL POSITION**

	December 31,	
	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,322,399	\$ 3,307,413
Pledges receivable, net of allowance for doubtful accounts of \$76,050 in 2014 and \$1,012,550 in 2013	561,760	517,917
Events receivable	19,300	8,100
Investments	9,515	24,113
Prepaid expenses	4,102	23,183
Write-off of pledges receivable	-	67
	<u>\$ 3,917,076</u>	<u>\$ 3,880,793</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 32,473	\$ 27,807
Security deposit held	-	6,550
Grants payable	480,000	480,000
	<u>512,473</u>	<u>514,357</u>
Commitments and contingencies		
<b>Net assets</b>		
<b>Unrestricted</b>		
Undesignated	1,097,042	1,492,840
Board designated	100,000	100,000
	<u>1,197,042</u>	<u>1,592,840</u>
Temporarily restricted	2,207,561	1,773,596
	<u>3,404,603</u>	<u>3,366,436</u>
	<u>\$ 3,917,076</u>	<u>\$ 3,880,793</u>

See notes to financial statements.

**CHILDREN'S MEDICAL FUND OF NEW YORK**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2014**

	Unrestricted	Temporarily Restricted	Total
<b>Public support and revenues</b>			
Public support			
Special events revenue	\$ 318,519	\$ 538,575	\$ 857,094
Less - Direct special event expenses	(115,885)	(162,423)	(278,308)
Special events, net	202,634	376,152	578,786
Contributions			
CMF Central Board	150,442	203,313	353,755
Revenues			
Donated rent	42,000	-	42,000
Rental income	12,267	-	12,267
Interest and dividends	5,330	-	5,330
Unrealized gain on investments	1,393	-	1,393
	60,990	-	60,990
Net assets released from restrictions	145,500	(145,500)	-
	559,566	433,965	993,531
<b>Program and supporting services</b>			
Program services	630,686	-	630,686
Supporting services			
Management and general	110,998	-	110,998
Fundraising	213,680	-	213,680
	955,364	-	955,364
<b>Change in net assets</b>	(395,798)	433,965	38,167
Net assets, beginning of year	1,592,840	1,773,596	3,366,436
<b>Net assets, end of year</b>	<b>\$ 1,197,042</b>	<b>\$ 2,207,561</b>	<b>\$ 3,404,603</b>

See notes to financial statements.

**CHILDREN'S MEDICAL FUND OF NEW YORK**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2013**

	Unrestricted	Temporarily Restricted	Total
<b>Public support and revenues</b>			
Public support			
Special events revenue	\$ 169,856	\$ 289,230	\$ 459,086
Less - Direct special event expenses	(63,866)	(98,673)	(162,539)
Special events, net	105,990	190,557	296,547
Contributions			
CMF Central Board	184,454	26,141	210,595
Revenues			
Donated rent	42,000	-	42,000
Rental income	25,414	-	25,414
Interest and dividends	20,544	-	20,544
Net realized gain on sale of investments	1,440	-	1,440
Net unrealized loss on investments	(1,340)	-	(1,340)
	88,058	-	88,058
Net assets released from restrictions	195,000	(195,000)	-
	573,502	21,698	595,200
<b>Program and supporting services</b>			
Program services	803,904	-	803,904
Supporting services			
Management and general	163,967	-	163,967
Fundraising	223,889	-	223,889
	1,191,760	-	1,191,760
<b>Change in net assets</b>	(618,258)	21,698	(596,560)
Net assets, beginning of year	2,211,098	1,751,898	3,962,996
<b>Net assets, end of year</b>	\$ 1,592,840	\$ 1,773,596	\$ 3,366,436

See notes to financial statements.

**CHILDREN'S MEDICAL FUND OF NEW YORK**

**STATEMENTS OF CASH FLOWS**

	Year Ended December 31,	
	2014	2013
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 38,167	\$ (596,560)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Bad debt expense	-	44,000
Depreciation and amortization	67	807
Write-off of pledges receivable	(936,500)	-
Amortization of discount on pledges	(119,893)	(1,267)
Unrealized gain/(loss) on investments	(1,393)	1,340
Realized gain on sale of securities	-	(1,440)
Contribution of stock	(4,009)	(3,995)
Changes in assets and liabilities		
Pledges receivable	1,012,550	194,000
Events receivable	(11,200)	2,010
Prepaid expenses	19,081	(221)
Accounts payable and accrued expenses	4,666	1,602
Grants payable	-	150,000
Security deposit held	(6,550)	-
Net cash used in operating activities	(5,014)	(209,724)
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	20,000	24,120
Net increase (decrease) in cash and cash equivalents	14,986	(185,604)
Cash and cash equivalents, beginning of year	3,307,413	3,493,017
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,322,399</b>	<b>\$ 3,307,413</b>

See notes to financial statements.



CHILDREN'S MEDICAL FUND OF NEW YORK

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2014

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total	
Salaries	\$ 18,632	\$ 46,580	\$ 121,109	\$ 167,689	\$ 186,321
Payroll taxes and employee benefits	4,088	10,220	26,570	36,790	40,878
	22,720	56,800	147,679	204,479	227,199
Special events expenses	-	-	278,308	278,308	278,308
Professional fees and contracted services	-	28,702	-	28,702	28,702
Grants	595,830	-	-	-	595,830
Marketing and advertising	-	-	751	751	751
Supplies	86	216	560	776	862
Meetings and seminars	-	182	546	728	728
Rental income	5,425	13,562	35,261	48,823	54,248
Equipment, rental and maintenance	-	289	-	289	289
Design, typography and printing	301	753	1,958	2,711	3,012
Telecommunications	219	548	1,425	1,973	2,192
Postage and shipping	352	880	2,289	3,169	3,521
Travel and transportation	75	187	487	674	749
Insurance	292	4,930	1,902	6,832	7,124
Internet/web site	4,139	-	12,416	12,416	16,555
Other expenses	1,247	3,882	8,406	12,288	13,535
Depreciation and amortization	-	67	-	67	67
	630,686	110,998	491,988	602,986	1,233,672
Less - Expenses deducted directly from revenues on statements of activities	-	-	(278,308)	(278,308)	(278,308)
	\$ 630,686	\$ 110,998	\$ 213,680	\$ 324,678	\$ 955,364

See notes to financial statements.

CHILDREN'S MEDICAL FUND OF NEW YORK

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2013

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total	
Salaries	\$ 18,601	\$ 46,502	\$ 120,905	\$ 167,407	\$ 186,008
Payroll taxes and employee benefits	4,530	11,327	29,447	40,774	45,304
Write-off of pledges receivable	23,131	57,829	150,352	208,181	231,312
Special events expenses	-	-	211,854	211,854	211,854
Professional fees and contracted services	-	27,501	-	27,501	27,501
Grants	770,444	-	-	-	770,444
Marketing and advertising	-	-	5,729	5,729	5,729
Supplies	433	1,087	2,818	3,905	4,338
Meetings and seminars	-	265	795	1,060	1,060
Occupancy	7,007	17,517	45,544	63,061	70,068
Equipment, rental and maintenance	-	2,556	-	2,556	2,556
Design, typography and printing	364	911	2,368	3,279	3,643
Telecommunications	321	802	2,084	2,886	3,207
Postage and shipping	238	596	1,549	2,145	2,383
Travel and transportation	88	219	569	788	876
Insurance	702	6,146	4,564	10,710	11,412
Internet/web site	215	69	741	810	1,025
Other expenses	961	3,662	6,776	10,438	11,399
Bad debt expense	-	44,000	-	44,000	44,000
Depreciation and amortization	-	807	-	807	807
	803,904	163,967	435,743	599,710	1,403,614
Less - Expenses deducted directly from revenues on statements of activities	-	-	(211,854)	(211,854)	(211,854)
	\$ 803,904	\$ 163,967	\$ 223,889	\$ 387,856	\$ 1,191,760

See notes to financial statements.

# CHILDREN'S MEDICAL FUND OF NEW YORK

## NOTES TO FINANCIAL STATEMENTS

### 1 - ORGANIZATION AND NATURE OF ACTIVITIES

The Children's Medical Center of New York Fund ("CMC") was organized as a membership corporation under the laws of New York State in December 1973 and is an exempt organization within the meaning of Section 501(c)(3) of the Internal Revenue Code. CMC is now known as Children's Medical Fund of New York (the "Organization" or "CMF").

The Organization was created for and is dedicated to the planning, education and public relations for the establishment and support of a health facility (Schneider Children's Hospital, now renamed as The Steven and Alexandra Cohen Children's Medical Center (the "Center")) of LJI-North Shore University Hospital in New Hyde Park, New York, which opened in 1983, and is especially devoted to the total care of children and the provision of comprehensive children's medical services. The Organization is the sole funder of The Children's Medical Fund Center for Pediatric Diagnostic Studies.

The Organization is the only continuing supporter of the Child Life Program at the Center. The Child Life Program gives patients and their families access to specialists in a multi-disciplinary health care program to help them learn about and cope with the stress of a hospital stay. The Child Life Program provides entertainment, books and videos, crafts, holiday parties, CMF scrapbooks and gifts to patients, and also provides therapeutic play, all funded in full or in part by the Organization.

The Organization is supported primarily through contributions received through fundraising activities held by various divisions and chapters of the Organization. The contributions are received principally from individuals and organizations located in the Long Island and New York City areas. The Organization consists of the following divisions: CMF Central Board, Men's Division and Women's Division. The Women's Division is divided into auxiliary chapters: the North Shore Chapter and Garden City Chapter.

### 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Presentation**

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The Organization's net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions into the following three categories:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Board-designated funds represent amounts set aside as a Capital Reserve Fund.

**CHILDREN'S MEDICAL FUND OF NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**

**2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by action of the Organization and/or the passage of time.

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.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization. Generally, the donors of these assets would permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. There were no permanently restricted net assets at December 31, 2014 and 2013.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Tax Status**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as a publicly supported organization as described in Section 509(a).

**Cash and Cash Equivalents**

Cash balances in banks are insured by the Federal Deposit Insurance Corporation subject to certain limitations. For financial statement purposes, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, except any cash and cash equivalents held by the investment trustees, which are deemed to be held for long-term purposes.

**Pledges Receivable**

Pledges receivable are recorded at net realizable value if expected to be collected in one year and, if material, multiyear receivables are recorded at the present value of their estimated future cash flow. Amortization of the discount is included in contribution revenue. The Organization's allowance for doubtful accounts is based on management's estimates of the creditworthiness of its contributors, current economic conditions and historical information.

## CHILDREN'S MEDICAL FUND OF NEW YORK

### NOTES TO FINANCIAL STATEMENTS

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

##### **Investments**

Investments are stated at quoted market value ("fair value") if publicly traded on a national exchange. All other investments are stated at cost. Donated assets are recorded at fair value at the date of the donation. As per the instructions of the Board of Trustees, all investments, with the exception of the State of Israel Bonds, are sold when received in the Organization's brokerage account.

##### **Property and Equipment**

Property and equipment is stated at cost, or at fair value, if donated. Assets with a useful life of greater than two years and a cost of \$500 or more are capitalized. The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Leasehold improvements are amortized over the lesser of their useful lives or the term of the lease. Depreciation is computed under the straight-line method.

##### **Revenue Recognition**

Contributions are recognized as revenue when an unconditional promise to give has been made. The Organization reports gifts of cash and other assets as temporarily restricted revenue if they are received with donor stipulations that limit the use of the donated assets.

##### **In-kind Goods and Services**

In-kind goods and services are recognized in the financial statements if the services or goods enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation. The Organization received a substantial amount of services donated by volunteers in carrying out its activities. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition. In 2014 and 2013, the Organization received free use of office space valued at \$42,000 in each year, which has been recognized as contribution revenue and rent expense in the 2014 and 2013 statements of activities.

##### **Functional Expenses**

Functional expenses for shared costs have been allocated between program services and supporting services based on an analysis of personnel time and other equitable bases for the related activities.

The direct costs of special events include expenses for the benefit of the donor. For example, meals, facilities and rentals are considered direct costs of special events.

##### **Subsequent Events**

These financial statements were approved by management and available for issuance on August 13, 2015. Management has evaluated subsequent events through this date.

**CHILDREN'S MEDICAL FUND OF NEW YORK**

**NOTES TO FINANCIAL STATEMENTS**

**3 - PLEDGES RECEIVABLE**

Pledges are expected to be collected as follows:

	December 31,	
	2014	2013
Due in less than one year	\$ 37,142	\$ 140,609
Due between one and five years	605,607	1,514,690
	642,749	1,655,299
Less -		
Allowance for doubtful accounts	(76,050)	(1,012,550)
Present value discount	(4,939)	(124,832)
	\$ 561,760	\$ 517,917

Pledges to be received after one year are discounted to present value using interest rates ranging from 1 - .47% at December 31, 2014 and 2013.

**4 - INVESTMENTS**

Investments consist of the following:

	December 31,	
	2014	2013
State of Israel Bond, 5.3% annual interest, maturing January 1, 2014 (at cost)	\$ -	\$ 20,000
Common stock (fair value)	9,515	4,113
	\$ 9,515	\$ 24,113

Investments are subject to market volatility which could substantially change the carrying value in the near term.

**CHILDREN'S MEDICAL FUND OF NEW YORK**

**NOTES TO FINANCIAL STATEMENTS**

**5 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	December 31,		Estimated Useful Lives
	2014	2013	
Computers	\$ 30,745	\$ 30,745	5 years
Furniture and fixtures	22,576	22,576	7 years
Machinery and equipment	18,217	18,217	7 years
Leasehold improvements	5,497	5,497	5 years
	77,035	77,035	
Less - Accumulated depreciation and amortization	77,035	76,968	
Net property and equipment	\$ -0-	\$ 67	

**6 - GRANTS PAYABLE**

Grants authorized by the Board of Trustees, but unpaid at year-end, are reported as liabilities. The following summarizes the change in grants payable for 2014 and 2013 (all to the Center):

	Balance, January 1, 2014	Grants Awarded in 2014	Grants Paid in 2014	Balance, December 31, 2014
Pediatric Emergency Department	\$ 30,000	\$ -	\$ -	\$ 30,000
Child Life	450,000	450,000	(450,000)	450,000
	\$ 480,000	\$ 450,000	\$ (450,000)	\$ 480,000

	Balance, January 1, 2013	Grants Awarded in 2013	Grants Paid in 2013	Balance, December 31, 2013
Pediatric Emergency Department	\$ 30,000	\$ -	\$ -	\$ 30,000
Child Life	300,000	575,000	(425,000)	450,000
	\$ 330,000	\$ 575,000	\$ (425,000)	\$ 480,000

Other donor-designated grants paid in 2014 and 2013 amounted to \$145,830 and \$195,444, respectively.

**CHILDREN'S MEDICAL FUND OF NEW YORK**

**NOTES TO FINANCIAL STATEMENTS**

**7 - TEMPORARILY RESTRICTED NET ASSETS**

The following summarizes the changes in temporarily restricted net assets (restricted for the Center) in 2014 and 2013:

Program	Balance, January 1, 2014	Contributions	Released From Restrictions	Balance, December 31, 2014
Pediatric Emergency Room Pediatric Hematology & Oncology Department	\$ 1,748,682	\$ 495,965	\$(145,500)	\$ 2,099,147
MRI Suite	5,000	-	-	5,000
Neonatal Resuscitation	-	81,500	-	81,500
Time Restricted	1,404	-	-	1,404
	18,510	2,000	-	20,510
	<u>\$ 1,773,596</u>	<u>\$ 579,465</u>	<u>\$ (145,500)</u>	<u>\$ 2,207,561</u>

Program	Balance, January 1, 2013	Contributions	Released From Restrictions	Balance, December 31, 2013
Pediatric Emergency Room Pediatric Hematology & Oncology Department	\$ 1,745,494	\$ 193,188	\$ (190,000)	\$ 1,748,682
Neonatal Resuscitation	5,000	-	-	5,000
Time Restricted	1,404	-	-	1,404
	-	23,510	(5,000)	18,510
	<u>\$ 1,751,898</u>	<u>\$ 216,698</u>	<u>\$ (195,000)</u>	<u>\$ 1,773,596</u>

**8 - COMMITMENTS AND CONTINGENCIES**

In 2008, the Organization renewed the lease for its offices in New Hyde Park, New York, with the lease term ended in May 2014. In December 2012, the Organization moved to donated office space in Syosset, New York. The fair value of the donated space is approximately \$3,500/month and has been recognized in the statements of activities as a contribution. The leased office space was sublet to a tenant who reimbursed the Organization for the cost of the monthly rent until the lease ended in May 2014. This rental income is recognized in the statements of activities. Rent expense for the years ended December 31, 2014 and 2013 was \$54,248 and \$70,068, respectively.



**CHILDREN'S MEDICAL FUND OF NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**

**9 - SUBSEQUENT EVENTS**

On March 13, 2015, the Organization entered into a pledge agreement with North Shore-Long Island Jewish Health System Foundation (the "Foundation") for \$10,000,000 to build the Children's Medical Fund Center for Diagnostic Studies at Cohen Children's Medical Center. Previously \$5,000,000 had been paid to the Foundation, and \$1,000,000 was paid in March 2015. The remaining \$4,000,000 will be paid each July 1 over six years, as follows:

2016	\$ 1,000,000
2017	1,000,000
2018	500,000
2019	500,000
2020	500,000
2021	500,000