

**CHILDREN'S MEDICAL FUND OF NEW YORK
AND RELATED ENTITY**

**COMBINED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2015

AND

INDEPENDENT AUDITORS' REPORT

FRIEDMAN LLP[®]
ACCOUNTANTS AND ADVISORS

CHILDREN'S MEDICAL FUND OF NEW YORK AND RELATED ENTITY

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ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying combined financial statements of Children's Medical Fund of New York and Related Entity (collectively, the "Organization"), which comprise the combined statement of financial position as of December 31, 2015, and the related combined statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements based on our audit. We conducted our audit 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

(Continued)

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 combined financial statements referred to above present fairly, in all material respects, the financial position of Children's Medical Fund of New York and Related Entity as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combining supplementary information shown on pages 14 and 15 is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, results of operations, and cash flows of the individual organizations, and is not a required part of the combined 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 combined financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information is fairly stated in all material respects in relation to the combined financial statements as a whole.



September 14, 2016

CHILDREN'S MEDICAL FUND OF NEW YORK AND RELATED ENTITY

COMBINED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

ASSETS

Cash and cash equivalents	\$ 2,103,546
Pledges receivable, net of allowance for doubtful accounts of \$76,050	477,835
Events receivable	26,928
Investments	4,124
Prepaid expenses	23,937
Property and equipment, less accumulated depreciation of \$77,541	2,387
	<u>\$ 2,638,757</u>

LIABILITIES AND NET ASSETS (DEFICIENCY)

Liabilities

Accounts payable and accrued expenses	\$ 31,269
Grants payable	4,238,545
	<u>4,269,814</u>

Net assets (deficiency)

Unrestricted	
Undesignated	(3,714,618)
Board designated	100,000
	<u>(3,614,618)</u>
Temporarily restricted	1,983,561
	<u>(1,631,057)</u>
	<u>\$ 2,638,757</u>

See notes to combined financial statements.

CHILDREN'S MEDICAL FUND OF NEW YORK AND RELATED ENTITY

COMBINED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Total
Public support and revenues			
Public support			
Special events revenue	\$ 185,621	\$ 456,805	\$ 642,426
Less - Direct special events expenses	(114,110)	(135,521)	(249,631)
Special events, net	71,511	321,284	392,795
Contributions			
CMF Central Board	94,554	24,714	119,268
Revenues			
Donated rent	42,000	-	42,000
Interest and dividends	2,986	-	2,986
Net realized gain on sale of investments	5,377	-	5,377
Net unrealized loss on investments	(5,433)	-	(5,433)
	44,930	-	44,930
Net assets released from restrictions	569,998	(569,998)	-
	780,993	(224,000)	556,993
Program and supporting services expenses			
Program services	5,282,178	-	5,282,178
Supporting services			
Management and general	116,254	-	116,254
Fundraising	194,221	-	194,221
	310,475	-	310,475
	5,592,653	-	5,592,653
Change in net assets	(4,811,660)	(224,000)	(5,035,660)
Net assets, beginning of year	1,197,042	2,207,561	3,404,603
Net assets (deficiency), end of year	\$ (3,614,618)	\$ 1,983,561	\$ (1,631,057)

See notes to combined financial statements.

CHILDREN'S MEDICAL FUND OF NEW YORK AND RELATED ENTITY

COMBINED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2015

Cash flows from operating activities	
Change in net assets	\$ (5,035,660)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Bad debt expense	3,100
Depreciation and amortization	506
Amortization of discount on grants payable	(166,455)
Amortization of discount on pledges	354
Unrealized loss on investments	5,433
Realized gain on sale of securities	(5,377)
Contribution of stock	(9,936)
Write-off of grants payable	(112,500)
Changes in assets and liabilities	
Pledges receivable	80,471
Events receivable	(7,628)
Prepaid expenses	(19,835)
Accounts payable and accrued expenses	(1,204)
Grants payable	4,037,500
Net cash used in operating activities	(1,231,231)
Cash flows from investing activities	
Purchased equipment	(2,893)
Proceeds from sale of investments	15,271
Net cash provided by investing activities	12,378
Net decrease in cash and cash equivalents	(1,218,853)
Cash and cash equivalents, beginning of year	3,322,399
Cash and cash equivalents, end of year	\$ 2,103,546

See notes to combined financial statements.

CHILDREN'S MEDICAL FUND OF NEW YORK AND RELATED ENTITY

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2015

	Supporting Services				Total Expenses
	Program Services	Management and General	Fundraising	Total	
Salaries	\$ 18,535	\$ 46,338	\$ 120,479	\$ 166,817	\$ 185,352
Payroll taxes and employee benefits	3,879	9,697	25,211	34,908	38,787
	22,414	56,035	145,690	201,725	224,139
Special events expenses			249,631	249,631	249,631
Professional fees and contracted services	-	35,317		35,317	35,317
Grants	5,253,040	-	-	-	5,253,040
Marketing and advertising	-	-	551	551	551
Meetings and seminars	-	192	577	769	769
Occupancy	4,200	10,500	27,300	37,800	42,000
Equipment, rental and maintenance	101	255	662	917	1,018
Design, typography and printing	345	865	2,248	3,113	3,458
Telecommunications	244	608	1,580	2,188	2,432
Postage and shipping	175	438	1,138	1,576	1,751
Travel and transportation	92	230	598	828	920
Insurance	454	5,786	2,952	8,738	9,192
Internet/web site	182	-	548	548	730
Other expenses	931	5,522	7,277	12,799	13,730
Bad debt expense	-	-	3,100	3,100	3,100
Depreciation and amortization	-	506	-	506	506
	5,282,178	116,254	443,852	560,106	5,842,284
Less - Expenses deducted directly from revenues on statement of activities	-	-	(249,631)	(249,631)	(249,631)
	\$ 5,282,178	\$ 116,254	\$ 194,221	\$ 310,475	\$ 5,592,653

See notes to combined financial statements.

CHILDREN'S MEDICAL FUND OF NEW YORK AND RELATED ENTITY

NOTES TO COMBINED 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 ("CMFNY").

CMFNY 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 LIJ-North Shore University Hospital in New Hyde Park, New York, now renamed Northwell Health, which opened in 1983, and is especially devoted to the total care of children and the provision of comprehensive children's medical services. CMFNY is the sole funder of The Children's Medical Fund Center for Pediatric Diagnostic Studies and The Children's Medical Fund Center for Pediatric Diagnostic Imaging Center.

CMFNY 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, CMFNY scrapbooks and gifts to patients, and also provides therapeutic play, all funded in full or in part by CMFNY.

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

The Children's Medical Fund Child Life Endowment Corp. ("CMFCLE") was incorporated and formed in 2015 under the not-for-profit corporation laws of the State of New York. The purpose of CMFCLE is to undertake fundraising on behalf of the Child Life Program of the Center for the purpose of building and maintaining an endowment fund for the Child Life Program.

CMFCLE was created with an initial donation of \$250,000 from CMFNY. It will receive donations from the general public. Its sole purpose and mission is to ensure the existence of the Child Life Program at the Center.

CHILDREN'S MEDICAL FUND OF NEW YORK AND RELATED ENTITY

NOTES TO COMBINED FINANCIAL STATEMENTS

1 - ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

To manage the endowment fund and to expend for the use, benefit and purpose of the Child Life Program, CMFCLE, in any calendar year, will distribute an amount not to exceed the investment return actually earned or received by the endowment fund in the immediately preceding calendar year, from whatever source derived and capped at an amount equal to a 4% investment return, unless the Board of Directors reasonably determines that a greater expenditure is required. The funds received and earned are solely for the purpose of Child Life programming, and cannot be withdrawn for any other purpose or support of the Center's programs.

CMFNY and CMFCLE are collectively referred to as the "Organization".

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

The accompanying combined financial statements include the financial position, operating activities and cash flows of CMFNY and CMFCLE. All significant intercompany accounts and transactions have been eliminated. The individual entities have interrelated directors/trustees and share common facilities and personnel.

Basis of Accounting

The Organization's combined 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") and include the accounts of CMFNY and CMFCLE.

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.

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.

CHILDREN'S MEDICAL FUND OF NEW YORK AND RELATED ENTITY
NOTES TO COMBINED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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, 2015.

Use of Estimates

The preparation of combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. 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.

Investments

Investments are stated at quoted market value ("fair value") if publicly traded on a national exchange. Donated assets are recorded at fair value at the date of the donation. Generally, in accordance with instructions of the Board of Trustees, all investments are sold when received in the Organization's brokerage account unless the donor requests otherwise.

CHILDREN'S MEDICAL FUND OF NEW YORK AND RELATED ENTITY

NOTES TO COMBINED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 combined 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 combined financial statements for those services since they do not meet the criteria for recognition. In 2015, the Organization received free use of office space valued at \$42,000, which has been recognized as contribution revenue and rent expense in the 2015 statement 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 combined financial statements were approved by management and available for issuance on September 14, 2016. Management has evaluated subsequent events through this date.

CHILDREN'S MEDICAL FUND OF NEW YORK AND RELATED ENTITY
NOTES TO COMBINED FINANCIAL STATEMENTS

3 - PLEDGES RECEIVABLE

At December 31, 2015, pledges are expected to be collected as follows:

Due in less than one year	\$ 142,071
Due between one and five years	417,107
	<hr/> 559,178
Less -	
Allowance for doubtful accounts	(76,050)
Present value discount	(5,293)
	<hr/> \$ 477,835

Pledges to be received after one year are discounted to present value using interest rates ranging from .47% to 1% at December 31, 2015.

4 - INVESTMENTS

At December 31, 2015, investments consist of common stock with a fair value of \$4,124.

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

CHILDREN'S MEDICAL FUND OF NEW YORK AND RELATED ENTITY
NOTES TO COMBINED FINANCIAL STATEMENTS

5 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2015 consist of the following:

		Estimated Useful Lives
Computers	\$ 33,638	5 years
Furniture and fixtures	22,576	7 years
Machinery and equipment	18,217	7 years
Leasehold improvements	5,497	5 years
	79,928	
Less - Accumulated depreciation and amortization	77,541	
	<u>\$ 2,387</u>	

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 2015 (all to the Center):

	Balance, January 1, 2015	Write-off 2015	Grants Awarded in 2015	Grants Paid in 2015	Balance, December 31, 2015
Pediatric Emergency Department	\$ 30,000	\$ -	\$ -	\$ -	\$ 30,000
Child Life Program	450,000	(112,500)	375,000	(337,500)	375,000
North Shore-Long Island Jewish Health System Foundation	-	-	4,833,545	(1,000,000)	3,833,545
	<u>\$ 480,000</u>	<u>\$ (112,500)</u>	<u>\$ 5,208,545</u>	<u>\$ (1,337,500)</u>	<u>\$ 4,238,545</u>

Other donor-designated grants awarded in 2015 amounted to \$44,495.

CHILDREN'S MEDICAL FUND OF NEW YORK AND RELATED ENTITY
NOTES TO COMBINED FINANCIAL STATEMENTS

6 - GRANTS PAYABLE (Continued)

At December 31, 2015, grants are expected to be paid as follows:

Due in less than one year	\$ 1,405,000
Due between one and five years	3,000,000
	4,405,000
Less -	
Present value discount	(166,455)
	\$ 4,238,545

7 - TEMPORARILY RESTRICTED NET ASSETS

The following summarizes the changes in temporarily restricted net assets (restricted for the Center) in 2015:

Program	Balance, January 1, 2015	Contributions	Released from Restrictions	Balance, December 31, 2015
Pediatric Emergency Room	\$ 2,099,147	\$ -	\$ (150,000)	\$ 1,949,147
Pediatric Hematology & Oncology Department	5,000	-	-	5,000
MRI Suite	81,500	338,498	(419,998)	-
Neonatal Resuscitation	1,404	-	-	1,404
Time Restricted	20,510	7,500	-	28,010
	\$ 2,207,561	\$ 345,998	\$ (569,998)	\$ 1,983,561

COMBINING SUPPLEMENTARY INFORMATION

CHILDREN'S MEDICAL FUND OF NEW YORK AND RELATED ENTITY

COMBINING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

	Children's Medical Fund of New York	Children's Medical Fund Child Life Endowment Corp.	Eliminations	Combined
ASSETS				
Cash and cash equivalents	\$1,853,546	\$ 250,000	\$ -	\$ 2,103,546
Pledges receivable, net of allowance for doubtful accounts of \$76,050	477,835	-	-	477,835
Events receivable	26,928	-	-	26,928
Investments	4,124	-	-	4,124
Prepaid expenses	23,937	-	-	23,937
Property and equipment, less accumulated depreciation of \$77,541	2,387	-	-	2,387
Due from CMFCLE	1,189	-	(1,189)	-
	<u>\$2,389,946</u>	<u>\$ 250,000</u>	<u>\$ (1,189)</u>	<u>\$ 2,638,757</u>
LIABILITIES AND NET ASSETS (DEFICIENCY)				
Liabilities				
Accounts payable and accrued expenses	\$ 26,819	\$ 4,450	\$ -	\$ 31,269
Due to CMFNY	-	1,189	(1,189)	-
Grants payable	4,238,545	-	-	4,238,545
	<u>4,265,364</u>	<u>5,639</u>	<u>(1,189)</u>	<u>4,269,814</u>
Commitments and contingencies				
Net assets (deficiency)				
Unrestricted				
Undesignated	(3,958,979)	244,361	-	(3,714,618)
Board designated	100,000	-	-	100,000
	<u>(3,858,979)</u>	<u>244,361</u>	<u>-</u>	<u>(3,614,618)</u>
Temporarily restricted	1,983,561	-	-	1,983,561
	<u>(1,875,418)</u>	<u>244,361</u>	<u>-</u>	<u>(1,631,057)</u>
	<u>\$2,389,946</u>	<u>\$ 250,000</u>	<u>\$ (1,189)</u>	<u>\$ 2,638,757</u>

See Independent Auditors' Report.

CHILDREN'S MEDICAL FUND OF NEW YORK AND RELATED ENTITY

COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015

	Children's Medical Fund of New York		Children's Medical Fund Child Life Endowment Corp.		Total
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	
Public support and revenues					
Public support					
Special events revenue	\$ 185,621	\$ 456,805	\$ 642,426	\$ -	\$ 642,426
Less - Direct special events expenses	(114,110)	(135,521)	(249,631)	-	(249,631)
Special events, net	71,511	321,284	392,795	-	392,795
Contributions					
CMF Central Board	94,554	24,714	119,268	250,000	119,268
Revenues					
Donated rent	42,000	-	42,000	-	42,000
Interest and dividends	2,986	-	2,986	-	2,986
Net realized gain on sale of investments	5,377	-	5,377	-	5,377
Net unrealized loss on investments	(5,433)	-	(5,433)	-	(5,433)
	44,930	-	44,930	-	44,930
Net assets released from restrictions	569,998	(569,998)	-	-	-
	780,993	(224,000)	556,993	250,000	556,993
Program and supporting services expenses					
Program services					
Supporting services					
Management and general	5,532,178	-	5,532,178	-	5,282,178
Fundraising	110,615	-	110,615	5,639	116,254
	194,221	-	194,221	-	194,221
	304,836	-	304,836	5,639	310,475
	5,837,014	-	5,837,014	5,639	5,592,653
Change in net assets	(5,056,021)	(224,000)	(5,280,021)	244,361	(5,035,660)
Net assets, beginning of year	1,197,042	2,207,561	3,404,603	-	3,404,603
Net assets (deficiency), end of year	\$ (3,858,979)	\$ 1,983,561	\$ (1,875,418)	\$ 244,361	\$ -0-