

**CHILDREN'S MEDICAL FUND OF NEW YORK**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**

# 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, 2013 and 2012, 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, 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.

*Friedman LLP*

September 24, 2014

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

**STATEMENTS OF FINANCIAL POSITION**

	December 31,	
	2013	2012
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,307,413	\$ 3,493,017
Pledges receivable, net of allowance for doubtful accounts of \$1,012,550 in 2013 and \$1,015,750 in 2012	517,917	754,650
Events receivable	8,100	10,110
Investments	24,113	44,138
Prepaid expenses	23,183	22,962
Property and equipment, net	67	874
	<b>\$ 3,880,793</b>	<b>\$ 4,325,751</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 27,807	\$ 26,205
Security deposit held	6,550	6,550
Grants payable	480,000	330,000
	514,357	362,755
<b>Commitments and contingencies</b>		
<b>Net assets</b>		
Unrestricted		
Undesignated	1,492,840	2,111,098
Board designated	100,000	100,000
	1,592,840	2,211,098
Temporarily restricted	1,773,596	1,751,898
	3,366,436	3,962,996
	<b>\$ 3,880,793</b>	<b>\$ 4,325,751</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
<b>Contributions</b>			
CMF Central Board	184,454	26,141	210,595
<b>Revenues</b>			
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>	<b>(618,258)</b>	<b>21,698</b>	<b>(596,560)</b>
Net assets, beginning of year	2,211,098	1,751,898	3,962,996
<b>Net assets, end of year</b>	<b>\$ 1,592,840</b>	<b>\$ 1,773,596</b>	<b>\$ 3,366,436</b>

See notes to financial statements.

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

**STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2012**

	Unrestricted	Temporarily Restricted	Total
<b>Public support and revenues</b>			
Public support			
Special events revenue	\$ 346,740	\$ 272,380	\$ 619,120
Less - Direct special event expenses	(111,363)	(106,545)	(217,908)
Special events, net	235,377	165,835	401,212
<b>Contributions</b>			
CMF Central Board	131,065	126,982	258,047
<b>Revenues</b>			
Rental income	4,366	-	4,366
Interest and dividends	4,219	-	4,219
Unrealized gain on investments	184	-	184
	8,769	-	8,769
Net assets released from restrictions	135,000	(135,000)	-
	510,211	157,817	668,028
<b>Program and supporting services</b>			
Program services	464,795	-	464,795
Supporting services			
Management and general	110,312	-	110,312
Fundraising	184,635	-	184,635
	759,742	-	759,742
<b>Change in net assets</b>	(249,531)	157,817	(91,714)
Net assets, beginning of year	2,460,629	1,594,081	4,054,710
<b>Net assets, end of year</b>	\$ 2,211,098	\$ 1,751,898	\$ 3,962,996

See notes to financial statements.

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

**STATEMENTS OF CASH FLOWS**

	Year Ended December 31,	
	2013	2012
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (596,560)	\$ (91,714)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Bad debt expense	44,000	-
Depreciation and amortization	807	1,467
Amortization of discount on pledges	(1,267)	(141,091)
Unrealized gain/(loss) on investments	1,340	(184)
Realized gain on sale of securities	(1,440)	-
Contribution of stock	(3,995)	(3,954)
Changes in assets and liabilities		
Pledges receivable	194,000	155,500
Events receivable	2,010	23,132
Prepaid expenses	(221)	(213)
Accounts payable and accrued expenses	1,602	(6,028)
Grants payable	150,000	-
Security deposit held	-	6,550
Net cash used in operating activities	(209,724)	(56,535)
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	24,120	-
Net decrease in cash and cash equivalents	(185,604)	(56,535)
Cash and cash equivalents, beginning of year	3,493,017	3,549,552
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,307,413</b>	<b>\$ 3,493,017</b>

See notes to financial statements.



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

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2013**

	Supporting Services				Total Expenses
	Program Services	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
	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

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2012

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total	
Salaries	\$ 17,645	\$ 44,114	\$ 114,695	\$ 158,809	\$ 176,454
Payroll taxes and employee benefits	4,072	10,180	26,468	36,648	40,720
	21,717	54,294	141,163	195,457	217,174
Special events expenses	-	-	241,105	241,105	241,105
Professional fees and contracted services	-	27,725	-	27,725	27,725
Grants	436,575	-	-	-	436,575
Marketing and advertising	-	-	488	488	488
Supplies	680	1,974	4,421	6,395	7,075
Meetings and seminars	-	294	721	1,015	1,015
Moving expenses	-	585	-	585	585
Occupancy	3,262	8,155	21,204	29,359	32,621
Equipment, rental and maintenance	-	3,960	-	3,960	3,960
Design, typography and printing	646	1,615	4,197	5,812	6,458
Telecommunications	487	1,218	3,166	4,384	4,871
Postage and shipping	692	1,729	4,494	6,223	6,915
Travel and transportation	105	263	684	947	1,052
Insurance	448	5,508	2,910	8,418	8,866
Internet/web site	183	457	1,187	1,644	1,827
Other expenses	-	1,068	-	1,068	1,068
Depreciation and amortization	-	1,467	-	1,467	1,467
	464,795	110,312	425,740	536,052	1,000,847
Less - Expenses deducted directly from revenues on statements of activities	-	-	(241,105)	(241,105)	(241,105)
	\$ 464,795	\$ 110,312	\$ 184,635	\$ 294,947	\$ 759,742

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 LIJ-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, 2013 and 2012.

##### **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).

The Organization's tax filings for years prior to 2010 are no longer subject to examination by tax authorities.

##### **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.

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

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

**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. 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 2013 and 2012, the Organization received free use of office space valued at \$42,000 and \$4,375, respectively, which has been recognized as contribution revenue and rent expense in the 2013 and 2012 statements of activities, respectively.

## CHILDREN'S MEDICAL FUND OF NEW YORK

### NOTES TO FINANCIAL STATEMENTS

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

##### 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.

##### Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

##### Subsequent Events

These financial statements were approved by management and available for issuance on September 24, 2014. Management has evaluated subsequent events through this date.

#### 3 - PLEDGES RECEIVABLE

Pledges are expected to be collected as follows:

	December 31,	
	2013	2012
Due in less than one year	\$ 140,609	\$ 465,250
Due between one and five years	1,514,690	1,431,249
	1,655,299	1,896,499
Less -		
Allowance for doubtful accounts	(1,012,550)	(1,015,750)
Present value discount	(124,832)	(126,099)
	\$ 517,917	\$ 754,650

Pledges to be received after one year are discounted to present value using interest rates ranging from .47% to 3.5 % at December 31, 2013 and 2012.

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

**NOTES TO FINANCIAL STATEMENTS**

**4 - INVESTMENTS**

Investments consist of the following:

	December 31,	
	2013	2012
State of Israel Bond, 5.6% annual interest, matured June 1, 2013 (at cost)	\$ -	\$ 20,000
State of Israel Bond, 5.3% annual interest, maturing January 1, 2014 (at cost)	20,000	20,000
Common stock (fair value)	4,113	4,138
	\$ 24,113	\$ 44,138

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

**5 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	December 31,		Estimated Useful Lives
	2013	2012	
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	76,968	76,161	
Net property and equipment	\$ 67	\$ 874	

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

**NOTES TO FINANCIAL STATEMENTS**

**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 2013 and 2012 (all to the Center):

	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
	<u>\$ 330,000</u>	<u>\$ 575,000</u>	<u>\$ (425,000)</u>	<u>\$ 480,000</u>

  

	Balance, January 1, 2012	Grants Awarded in 2012	Grants Paid in 2012	Balance, December 31, 2012
Pediatric Emergency Department	\$ 30,000	\$ -	\$ -	\$ 30,000
Child Life	300,000	300,000	(300,000)	300,000
	<u>\$ 330,000</u>	<u>\$ 300,000</u>	<u>\$ (300,000)</u>	<u>\$ 330,000</u>

Other donor-designated grants paid in 2013 and 2012 amounted to \$195,444 and \$136,575, respectively.

**7 - TEMPORARILY RESTRICTED NET ASSETS**

The following summarizes the changes in temporarily restricted net assets (restricted for the Center) in 2013 and 2012:

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



## CHILDREN'S MEDICAL FUND OF NEW YORK

### NOTES TO FINANCIAL STATEMENTS

#### 7 - TEMPORARILY RESTRICTED NET ASSETS (Continued)

Program	Balance, January 1, 2012	Contributions	Released From Restrictions	Balance, December 31, 2012
Pediatric Emergency Room	\$ 1,587,677	\$ 292,817	\$ 135,000	\$ 1,745,494
Pediatric Hematology & Oncology Department	5,000	-	-	5,000
Neonatal Resuscitation	1,404	-	-	1,404
	<u>\$ 1,594,081</u>	<u>\$ 292,817</u>	<u>\$ 135,000</u>	<u>\$ 1,751,898</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 ending 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 statement 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 statement of activities. Rent expense for the years ended December 31, 2013 and 2012 was \$70,068 and \$32,621, respectively.

The future minimum lease payment (for which the Organization will be reimbursed) is \$11,093 for the year ending December 31, 2014.