



THE V FOUNDATION

Financial Statements

December 31, 2000 and 1999

(With Independent Auditors' Report Thereon)





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Suite 1200
Post Office Box 29543
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Independent Auditors' Report

Board of Directors
The V Foundation:

We have audited the accompanying statements of financial position of The V Foundation ("Foundation") as of December 31, 2000 and 1999, and the related statements of activities and changes in net assets 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 The V Foundation at December 31, 2000 and 1999, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

February 9, 2001



THE V FOUNDATION

Statements of Financial Position

December 31, 2000 and 1999

Assets	2000	1999
Cash and cash equivalents	\$ 2,629,012	2,469,020
Investments designated for long-term use	3,532,101	1,178,303
Contributions receivable, net (note 2)	64,334	151,645
Other assets	93,033	21,421
Copyrights and trademarks, net of accumulated amortization of \$632 and \$458 at December 31, 2000 and 1999, respectively	1,975	2,149
Furniture and equipment, net of accumulated depreciation of \$49,021 and \$28,751 at December 31, 2000 and 1999, respectively (note 6)	29,475	49,745
Total assets	\$ <u>6,349,930</u>	<u>3,872,283</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	23,760	24,390
Capital lease obligations (note 6)	25,637	35,561
Grants payable	800,000	1,050,000
Total liabilities	<u>849,397</u>	<u>1,109,951</u>
Net assets:		
Unrestricted net assets	2,936,451	1,813,241
Temporarily restricted net assets	64,334	151,645
Permanently restricted net assets (note 3)	2,499,748	797,446
Total net assets	<u>5,500,533</u>	<u>2,762,332</u>
Total liabilities and net assets	\$ <u>6,349,930</u>	<u>3,872,283</u>

See accompanying notes to financial statements.

THE V FOUNDATION

Statements of Activities and Changes in Net Assets

Year ended December 31, 2000

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Change in net assets:				
Revenues, other support and gains:				
Contributions (note 3 and 7)	\$ 3,106,756	6,318	1,702,302	4,815,376
Special events (net of expenses of \$33,292) (note 4)	728,677	—	—	728,677
Investment income	162,276	—	—	162,276
Net realized and unrealized losses on investments designated for long-term use	(194,018)	—	—	(194,018)
Contributed services (note 8)	169,000	—	—	169,000
Net assets released from restrictions	93,629	(93,629)	—	—
Total revenues and other support	<u>4,066,320</u>	<u>(87,311)</u>	<u>1,702,302</u>	<u>5,681,311</u>
Expenses:				
Program grants (note 5)	1,998,872	—	—	1,998,872
Management and general (note 5)	304,580	—	—	304,580
Fundraising (note 5)	639,658	—	—	639,658
Total expenses	<u>2,943,110</u>	<u>—</u>	<u>—</u>	<u>2,943,110</u>
Change in net assets	1,123,210	(87,311)	1,702,302	2,738,201
Net assets at beginning of year	<u>1,813,241</u>	<u>151,645</u>	<u>797,446</u>	<u>2,762,332</u>
Net assets at end of year	<u>\$ 2,936,451</u>	<u>64,334</u>	<u>2,499,748</u>	<u>5,500,533</u>

See accompanying notes to financial statements.

THE V FOUNDATION

Statements of Activities and Changes in Net Assets

Year ended December 31, 1999

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Change in net assets:				
Revenues, other support and gains:				
Contributions (note 3 and 7)	\$ 2,358,910	93,629	—	2,452,539
Special events (net of expenses of \$431,009) (note 4)	464,968	—	—	464,968
Investment income	75,897	—	—	75,897
Net realized and unrealized gains on investments designated for long-term use	65,325	—	—	65,325
Net assets released from restrictions	162,789	(162,789)	—	—
Total revenues and other support	3,127,889	(69,160)	—	3,058,729
Expenses:				
Program grants (note 5)	1,740,000	—	—	1,740,000
Management and general (note 5)	283,764	—	—	283,764
Fundraising (note 5)	574,337	—	—	574,337
Total expenses	2,598,101	—	—	2,598,101
Change in net assets	529,788	(69,160)	—	460,628
Net assets at beginning of year	1,283,453	220,805	797,446	2,301,704
Net assets at end of year	\$ 1,813,241	151,645	797,446	2,762,332

See accompanying notes to financial statements.

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Statements of Cash Flows

Years ended December 31, 2000 and 1999

Assets	2000	1999
Cash Flows from operating activities:		
Change in net assets	\$ 2,738,201	460,628
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	20,270	17,166
Net unrealized/realized losses/(gains) on investments designated for long-term use	194,018	(65,325)
Contributions restricted for long-term investments	(1,702,302)	—
Amortization of intangibles	174	174
Increase (decrease) in cash due to changes in:		
Contributions receivable	87,311	69,160
Other assets	(71,612)	(8,302)
Accounts payable and accrued expenses	(630)	(23,033)
Grants payable	(250,000)	100,000
Net cash provided by operating activities	1,015,430	550,468
Cash flows from investing activities:		
Purchase of furniture and equipment	—	(10,628)
Purchase of investments designated for long-term use	(3,961,669)	—
Proceeds from sale of investments designated for long-term use	1,413,853	(451,539)
Net cash used in investing activities	(2,547,816)	(462,167)
Net assets:		
Payments under capital lease obligations	(9,924)	(9,086)
Proceeds from contributions restricted for long-term investments	1,702,302	—
Net cash provided by (used in) financing activities	1,692,378	(9,086)
Net increase in cash and cash equivalents	159,992	79,215
Cash and cash equivalents at beginning of year	2,469,020	2,389,805
Cash and cash equivalents at end of year	\$ 2,629,012	2,469,020

Supplemental schedule of noncash investing and financing activities:

In 2000 and 1999, capital lease obligations of \$0 and \$26,244, respectively were incurred for equipment.

See accompanying notes to financial statements.

THE V FOUNDATION

Notes to Financial Statements

December 31, 2000 and 1999

(1) Organization and Summary of Significant Accounting Policies

(a) *Organization and Purpose*

The V Foundation was incorporated on February 12, 1993 as a non-profit, charitable organization dedicated to saving lives by helping to find a cure for cancer. The Foundation's mission is to generate broad based support for cancer research and to create an urgent awareness among all Americans of the importance of the war against cancer. The Foundation accomplishes its mission through advocacy, education, fundraising and philanthropy.

(b) *Basis of Accounting and Presentation*

The financial statements have been prepared on the accrual basis of accounting. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets - Net, assets that are not subject to donor-imposed stipulations.

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

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. The donors of these assets permit the Foundation to use all of, or part of, the income earned on related investments for general purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

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Notes to Financial Statements

December 31, 2000 and 1999

(c) *Significant Accounting Policies*

The following significant accounting policies have been used in the preparation of the financial Statements

Cash and Cash Equivalents

The Foundation invests funds in excess of daily operating requirements in an overnight investment account. All cash investments with a maturity of three months or less at the date of purchase are considered to be cash equivalents.

Investments Designated for Long-Term Use

Investments consist of fixed-income securities and are stated at market value. The Board of Directors has designated investments to support the operations of future years.

Other Assets

Other assets include accrued interest and inventory. Inventory is valued at the lower of cost, as determined on a first-in, first-out basis, or market.

Furniture and Equipment

Furniture and equipment are recorded at cost. Depreciation is recorded on a straight-line basis over the estimated useful lives of three to five years. The estimated fair value of donated property is recorded as contributions income and fixed assets in the period received. The Foundation received approximately \$0 and \$5,800 in donated fixed assets during 2000 and 1999, respectively.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved.

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Notes to Financial Statements

December 31, 2000 and 1999

(c) *Significant Accounting Policies, Continued*

Recognition of Program Grants

Program grants and the corresponding grants payable are recognized at the time the grant award letter is sent to the recipient.

Amortization of Copyrights and Trademarks

The cost of copyrights and trademarks is amortized on a straight-line basis over a period of 15 years.

Income Taxes

The Foundation is exempt from payment of income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code, except for any unrelated business income. Since there was no unrelated business income during 2000 and 1999, no provision for income taxes has been made.

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 the 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. Actual results could differ from those estimates.

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December 31, 2000 and 1999

(2) Contributions Receivable

Contributions receivable relate to amounts owed from endowed pledges and special events. Contributions receivable, net, is summarized as follows at December 31:

	<u>2000</u>	<u>1999</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 10,000	112,005
One year to five years	40,000	40,000
Greater than five years	40,000	20,000
	<u>90,000</u>	<u>172,005</u>
Less unamortized discount	25,666	20,360
	<u>\$ 64,334</u>	<u>151,645</u>

(3) Permanently Restricted Net Assets

Permanently restricted net assets represent contributions made by donors who have restricted the use of their contributions to provide funding for the Jimmy V Endowment Fund. The Jimmy V Endowment Fund has been established to provide funding from the interest on restricted assets to be used for the operation of the Foundation.

Jimmy V Endowment Fund contributions totaled \$1,702,302 and \$0 for the years ended December 31, 2000 and 1999 respectively.

(4) Special Events

In February 2000 and 1999, ESPN, Inc. (a cable television network) staged and produced the annual ESPY Awards (the "Show"), which honors outstanding athletes and profiles the most memorable moments from the past year in sports. A specific objective of the Show is to promote and publicize the charitable, educational and research activities of The V Foundation. In accordance with an agreement with ESPN, Inc., the Foundation received net proceeds of \$233,225 and \$215,000 from the Show and the related festivities in 2000 and 1999, respectively.

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Notes to Financial Statements

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(4) Special Events, Continued

In December 2000 and 1999, ESPN, Inc. and The Meadowlands held the Jimmy V Basketball Classic (the "Basketball Classic"). A specific objective of the Basketball Classic is to promote and publicize the charitable, educational and research activities of The V Foundation. The Foundation received net proceeds of \$151,244 and \$93,648 from the Basketball Classic and the related festivities in 2000 and 1999, respectively.

In July 2000 and 1999, the Wine Country Associates held the annual Wine Celebration in Napa Valley, California. A specific objective of the Celebration is to promote and publicize the charitable, educational and research activities of The V Foundation. The Foundation received net proceeds of \$344,208 and \$306,428 from the dinners and auction held during the Wine Celebration in 2000 and 1999, respectively.

(5) Expenses

(a) Program Grants

The V Foundation granted the following funds to promote cancer awareness and further cancer research during 2000 and 1999:

	<u>2000</u>	<u>1999</u>
V Scholars	\$ 1,600,000	1,600,000
Designated Grants	398,872	140,000
Total	<u>\$ 1,998,872</u>	<u>1,740,000</u>

(b) Management and General

Management and general expenses were incurred as follows during 2000 and 1999:

	<u>2000</u>	<u>1999</u>
Salaries, wages and benefits	\$ 93,317	93,480
Occupancy	31,868	52,276
Supplies, postage and travel	100,178	68,738
Professional fees	62,855	68,670
Other	16,362	600
Total	<u>\$ 304,580</u>	<u>283,764</u>

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(c) Fundraising

Fundraising expenses were incurred as follows during 2000 and 1999:

	<u>2000</u>	<u>1999</u>
Salaries, wages and benefits	\$ 281,065	336,480
Advertising	157,000	—
Printing and merchandise	201,593	237,857
Total	\$ <u>639,658</u>	<u>574,337</u>

(6) Lease Commitments

The Foundation leases office equipment under no interest capital leases that expire in 2003. The leased equipment has a cost of \$45,537 and related accumulated amortization of \$11,680 and \$10,283 at December 31, 2000 and 1999, respectively.

The Foundation also leases its office space under a noncancellable operating lease agreement which expired in 2000 when it went month-to-month. Rent expense under this lease totaled \$13,500 and \$13,125 in 2000 and 1999, respectively.

A schedule of future minimum lease payments under noncancellable leases as of December 31, 2000 follows:

<u>Year ending December 31</u>	<u>Capital leases</u>
2001	\$ 9,924
2002	9,924
2003	5,789
	\$ <u>25,637</u>

(7) Contributions

The Foundation received contributions of \$1,850,000 and \$1,300,000 in 2000 and 1999, respectively, from the Jimmy V Celebrity Golf Classic, a separate but affiliated organization.

The Foundation received contributions from Board members totaling \$261,564 and \$7,372 in 2000 and 1999, respectively.

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(8) Contributed Services

The Foundation receives services including advertising and travel from various sources at discounted prices. These contributed services have been recognized in the accompanying statements of activities as contributions and expenses at their estimated value. The amount of these contributed services was \$169,000 in 2000.