



# **THE V FOUNDATION**

Financial Statements

December 31, 2001 and 2000

(With Independent Auditors' Report Thereon)



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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, 2001 and 2000, 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, 2001 and 2000, 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 1, 2002



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**THE V FOUNDATION**  
 Statements of Financial Position  
 December 31, 2001 and 2000

<b>Assets</b>	<b>2001</b>	<b>2000</b>
Cash and cash equivalents	\$ 2,383,928	2,629,012
Investments designated for long-term use	4,876,609	3,532,101
Contributions receivable, net (note 2)	69,496	64,334
Other assets	99,089	93,033
Copyrights and trademarks, net of accumulated amortization of \$806 and \$632 at December 31, 2001 and 2000, respectively	1,801	1,975
Furniture and equipment, net of accumulated depreciation and amortization of \$61,434 and \$49,021 at December 31, 2001 and 2000, respectively (note 6)	48,727	29,475
Total assets	\$ 7,479,650	6,349,930
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	33,626	23,760
Capital lease obligations (note 6)	15,713	25,637
Grants payable	1,150,000	800,000
Total liabilities	1,199,339	849,397
Net assets:		
Unrestricted net assets	2,281,371	2,936,451
Temporarily restricted net assets	69,496	64,334
Permanently restricted net assets (note 3)	3,929,444	2,499,748
Total net assets	6,280,311	5,500,533
Commitments (note 6)		
Total liabilities and net assets	\$ 7,479,650	6,349,930

See accompanying notes to financial statements.

**THE V FOUNDATION**

Statements of Activities and Changes in Net Assets

Year ended December 31, 2001

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Change in net assets:				
Revenues, other support and gains:				
Contributions (notes 3 and 7)	\$ 2,240,717	5,162	1,429,696	3,675,575
Special events, net of expenses (note 4)	1,057,370	—	—	1,057,370
Investment income	161,427	—	—	161,427
Net realized and unrealized losses on investments designated for long-term use	(694,069)	—	—	(694,069)
Contributed services (note 8)	13,250	—	—	13,250
Total revenues and other support	<u>2,778,695</u>	<u>5,162</u>	<u>1,429,696</u>	<u>4,213,553</u>
Expenses:				
Program grants (note 5)	2,546,995	—	—	2,546,995
Management and general (note 5)	360,667	—	—	360,667
Fundraising (note 5)	526,113	—	—	526,113
Total expenses	<u>3,433,775</u>	<u>—</u>	<u>—</u>	<u>3,433,775</u>
Change in net assets	(655,080)	5,162	1,429,696	779,778
Net assets at beginning of year	<u>2,936,451</u>	<u>64,334</u>	<u>2,499,748</u>	<u>5,500,533</u>
Net assets at end of year	<u>\$ 2,281,371</u>	<u>69,496</u>	<u>3,929,444</u>	<u>6,280,311</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 (notes 3 and 7)	\$ 3,106,756	6,318	1,702,302	4,815,376
Special events, net of expenses (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 Cash Flows

Years ended December 31, 2001 and 2000

	<b>2001</b>	<b>2000</b>
Cash flows from operating activities:		
Change in net assets	\$ 779,778	2,738,201
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	20,681	20,270
Donated furniture and equipment	(6,668)	—
Net unrealized and realized losses on investments designated for long-term use	694,069	194,018
Contributions restricted for long-term investments	(1,429,696)	(1,702,302)
Amortization of intangibles	174	174
(Decrease) increase in cash due to changes in:		
Contributions receivable	(5,162)	87,311
Other assets	(6,056)	(71,612)
Accounts payable and accrued expenses	9,866	(630)
Grants payable	350,000	(250,000)
Net cash provided by operating activities	406,986	1,015,430
Cash flows from investing activities:		
Purchase of furniture and equipment	(33,265)	—
Purchase of investments designated for long-term use	(10,170,377)	(3,961,669)
Proceeds from sale of investments designated for long-term use	8,131,800	1,413,853
Net cash used in investing activities	(2,071,842)	(2,547,816)
Cash flows from financing activities:		
Payments under capital lease obligations	(9,924)	(9,924)
Proceeds from contributions restricted for long-term investments	1,429,696	1,702,302
Net cash provided by financing activities	1,419,772	1,692,378
Net (decrease) increase in cash and cash equivalents	(245,084)	159,992
Cash and cash equivalents at beginning of year	2,629,012	2,469,020
Cash and cash equivalents at end of year	\$ 2,383,928	2,629,012
Non-cash investing transactions:		
Gifts of furniture and equipment	\$ 6,668	—

See accompanying notes to financial statements.

# THE V FOUNDATION

Notes to Financial Statements

December 31, 2001 and 2000

## (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 are 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.

## THE V FOUNDATION

Notes to Financial Statements

December 31, 2001 and 2000

### (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 \$6,668 and \$0 in donated furniture and fixtures during 2001 and 2000, 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.

# THE V FOUNDATION

Notes to Financial Statements

December 31, 2001 and 2000

## (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 2001 and 2000, 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.

## (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>2001</u>	<u>2000</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 20,000	10,000
One year to five years	40,000	40,000
Greater than five years	30,000	40,000
	<u>90,000</u>	<u>90,000</u>

## THE V FOUNDATION

### Notes to Financial Statements

December 31, 2001 and 2000

Less unamortized discount	20,504	25,666
	<u>\$ 69,496</u>	<u>64,334</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 \$1,429,626 and \$1,702,302 for the years ended December 31, 2001 and 2000, respectively.

#### (4) Special Events

In February 2001 and 2000, 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 \$238,000 and \$233,225 from the Show and the related festivities in 2001 and 2000, respectively.

In December 2001 and 2000, 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 \$164,059 and \$151,244 from the Basketball Classic and the related festivities in 2001 and 2000, respectively.

In July 2001 and 2000, 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 \$655,311 and \$344,208 from the dinners and auctions held during the Wine Celebration in 2001 and 2000, respectively.

## THE V FOUNDATION

### Notes to Financial Statements

December 31, 2001 and 2000

#### (5) Expenses

##### (a) Program Grants

The V Foundation granted the following funds to promote cancer awareness and further cancer research during 2001 and 2000:

	<u>2001</u>	<u>2000</u>
Translational grants	\$ 900,000	—
V Scholars	1,100,000	1,600,000
Designated grants	546,995	398,872
Total	<u>\$ 2,546,995</u>	<u>1,998,872</u>

##### (b) Management and General

Management and general expenses were incurred as follows during 2001 and 2000:

	<u>2001</u>	<u>2000</u>
Salaries, wages and benefits	\$ 80,311	93,317
Occupancy	20,118	13,500
Supplies, office expenses and postage	119,069	100,178
Professional fees	64,906	62,855
Other	76,263	34,730
Total	<u>\$ 360,667</u>	<u>304,580</u>

##### (c) Fundraising

Fundraising expenses were incurred as follows during 2001 and 2000:

	<u>2001</u>	<u>2000</u>
Salaries, wages and benefits	\$ 414,262	281,065
Advertising and travel	85,573	157,000
Printing and merchandise	26,278	201,593
Total	<u>\$ 526,113</u>	<u>639,658</u>

## THE V FOUNDATION

Notes to Financial Statements

December 31, 2001 and 2000

### (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 \$34,602 and \$21,963 at December 31, 2001 and 2000, respectively.

A schedule of future minimum lease payments under noncancellable capital leases as of December 31, 2001 follows:

<u>Year ending December 31</u>	
2002	\$ 9,924
2003	5,789
	<u>\$ 15,713</u>

The Foundation also leases its office space under a noncancellable operating lease agreement which expires in 2006. Rent expense for the Foundation totaled \$20,118 and \$13,500 in 2001 and 2000, respectively.

A schedule of future minimum lease payments under the noncancellable operating lease as of December 31, 2001 follows:

<u>Year ending December 31</u>	
2002	\$ 31,214
2003	32,314
2004	33,460
2005	34,640
2006	29,700

### (7) Contributions

The Foundation received contributions of \$970,450 and \$1,850,000 in 2001 and 2000, respectively, from the Jimmy V Celebrity Golf Classic, a separate but affiliated organization.

The Foundation received contributions from Board members totaling \$24,924 and \$261,564 in 2001 and 2000, respectively.

## **THE V FOUNDATION**

Notes to Financial Statements

December 31, 2001 and 2000

### **(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 and changes in net assets as contributions and expenses at their estimated value. The amount of these contributed services was \$13,250 and \$169,000 for the years ended December 31, 2001 and 2000, respectively.