

THE CHILDREN'S CANCER FUND

FINANCIAL STATEMENTS

**FOR THE PERIOD MARCH 6, 2002 (INCEPTION)
THROUGH DECEMBER 31, 2002**

THE CHILDREN'S CANCER FUND

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Independent Auditor's Report

Board of Directors
The Children's Cancer Fund

We have audited the accompanying statement of financial position of The Children's Cancer Fund as of December 31, 2002, and the related statements of activities and net assets, and cash flows for the period March 6, 2002 (inception) through December 31, 2002. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 audit provides 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 Children's Cancer Fund at December 31, 2002, and the changes in net assets and cash flows for the period March 6, 2002 (inception) through December 31, 2002 in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Yohalem Gillman & Company LLP

New York, New York
June 3, 2003

THE CHILDREN'S CANCER FUND

STATEMENT OF FINANCIAL POSITION

	<u>DECEMBER 31,</u> <u>2002</u>
ASSETS	
Cash	\$ 513,001
Cash - restricted	<u>1,572</u>
	<u>\$ 514,573</u>
 LIABILITIES AND NET ASSETS	
Research grants payable	\$ 277,569
Accrued expenses	<u>17,144</u>
	<u>294,713</u>
Net assets	
Unrestricted	218,275
Temporarily restricted	<u>1,585</u>
	<u>219,860</u>
	<u>\$ 514,573</u>

See accompanying notes.

THE CHILDREN'S CANCER FUND

STATEMENT OF ACTIVITIES AND NET ASSETS

FOR THE PERIOD
MARCH 6, 2002 (INCEPTION)
THROUGH
DECEMBER 31, 2002

	Unrestricted	Temporarily Restricted	Total
Revenue			
Special events income	\$ 479,230	\$ --	\$ 479,230
Contributions	10,557	161,585	172,142
Interest income	1,989	--	1,989
Net assets released from program restrictions	160,000	(160,000)	--
Total revenue	651,776	1,585	653,361
Expenses			
Fund raising - special event costs	30,844	--	30,844
Program services	369,416	--	369,416
Management and general	33,241	--	33,241
Total expenses	433,501	--	433,501
Increase in net assets	218,275	1,585	219,860
Net assets - beginning of period	--	--	--
Net assets - end of period	\$ 218,275	\$ 1,585	\$ 219,860

See accompanying notes.

THE CHILDREN'S CANCER FUND

STATEMENT OF CASH FLOWS

	FOR THE PERIOD MARCH 6, 2002 (INCEPTION) THROUGH DECEMBER 31, 2002
Cash flows from operating activities	
Increase in net assets	\$ 219,860
<i>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</i>	
Accrued liabilities	17,144
Research grants payable	277,569
Restricted cash	<u>(1,572)</u>
Net cash provided by operating activities	<u>513,001</u>
Net increase in cash	513,001
Cash - beginning of period	<u>--</u>
Cash - end of period	<u><u>\$ 513,001</u></u>

See accompanying notes.

THE CHILDREN'S CANCER FUND

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002

1. Organization and Purpose

Organization

The Children's Cancer Fund ("Children's Fund") is a Hudson Valley, New York not-for-profit corporation that raises, receives and administers funds for the purpose of engaging in and /or funding research and educational projects in the area of Childhood Cancers and improving the quality of life of children diagnosed with Cancer. The organization was established as a public charity under Sections 509(a)(2) of the Internal Revenue Code.

Revenue is derived mainly from special events and contributions. Included in contributions, is \$160,000 from the New York Medical College representing the initial funding to the Children's Fund at commencement of its operations. This contribution is not expected to recur.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accounts of Children's Fund are maintained, and the accompanying financial statements have been prepared, on the accrual basis of accounting. Accordingly, revenue and its related assets are recognized when earned and expenses and their liabilities are recognized when incurred.

Contributions

Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified and unrestricted net assets are reported in the statement of activities as net assets released from restrictions.

Temporarily restricted net assets are those whose use by Children's Fund has been limited by donors to a specific time period or purpose.

Use of Estimates in Financial Statements

The preparation of financial statements in conformity with general accepted accounting principles 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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

THE CHILDREN'S CANCER FUND

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002

3. Research Grants Payable

Contributions authorized but unpaid at year-end are reported as liabilities in accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made". The following is a summary of research grants authorized and payable at December 31, 2002:

Gross research grants payable - short-term	<u>\$ 277,569</u>
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4. Other Financial Information

The Children's Fund maintains accounts with a financial institution. Balances may exceed the maximum coverage provided by the Federal Deposit Insurance Corporation on insured depositor accounts.

THE CHILDREN'S CANCER FUND

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE PERIOD MARCH 6, 2002 (INCEPTION)
THROUGH DECEMBER 31, 2002

	Unrestricted			Total
	Special Events	Program Services	Management and General	
Dinner dance	\$ 4,982	\$ --	\$ --	\$ 4,982
Memorial golf outing	12,074	--	--	12,074
Walk - A - Thon	13,197	--	--	13,197
Other fund-raising events	591	--	--	591
Research and other grants	--	358,859	--	358,859
Contributions	--	10,557	875	11,432
Postage and delivery	--	--	3,158	3,158
Insurance	--	--	2,475	2,475
Miscellaneous	--	--	917	917
Office and equipment rental	--	--	5,805	5,805
Professional fees	--	--	19,349	19,349
Telephone	--	--	591	591
Travel	--	--	71	71
Total expenses	\$ 30,844	\$ 369,416	\$ 33,241	\$ 433,501

See independent auditor's report.