

HUNTER'S HOPE
FOUNDATION, INC.

Financial Statements with
Independent Auditors' Report

December 31, 2015 and 2014

HUNTER'S HOPE FOUNDATION, INC.

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The Board of Directors
Hunter's Hope Foundation, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Hunter's Hope Foundation, Inc. (the Foundation), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to 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.

Auditor's 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 Foundation'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 Foundation'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hunter's Hope Foundation, Inc. as of December 31, 2015 and 2014, 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.

EFPR Group, CPAs, PLLC

(Formerly Toski & Co., CPAs, P.C.)

Williamsville, New York
April 19, 2016

HUNTER'S HOPE FOUNDATION, INC.
 Statements of Financial Position
 December 31, 2015 and 2014

<u>Assets</u>	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and equivalents	\$ 304,932	128,769
Pledges receivable, current portion	<u>125,899</u>	<u>202,699</u>
Total current assets	<u>430,831</u>	<u>331,468</u>
Investments	<u>538,529</u>	<u>652,124</u>
Property and equipment, at cost	64,609	64,609
Less accumulated depreciation	<u>(61,138)</u>	<u>(58,200)</u>
Net property and equipment	<u>3,471</u>	<u>6,409</u>
Pledges receivable, net, less current portion	<u>284,681</u>	<u>372,942</u>
Total assets	<u>\$ 1,257,512</u>	<u>1,362,943</u>
 <u>Liabilities and Net Assets</u> 		
Current liabilities:		
Accounts payable	11,051	3,580
Grants payable, current portion	<u>244,996</u>	<u>252,687</u>
Total current liabilities	<u>256,047</u>	<u>256,267</u>
Grants payable, less current portion	<u>-</u>	<u>4,623</u>
Total liabilities	<u>256,047</u>	<u>260,890</u>
Net assets:		
Unrestricted	59,176	212,842
Temporarily restricted	<u>942,289</u>	<u>889,211</u>
Total net assets	<u>1,001,465</u>	<u>1,102,053</u>
Total liabilities and net assets	<u>\$ 1,257,512</u>	<u>1,362,943</u>

See accompanying notes to financial statements.

HUNTER'S HOPE FOUNDATION, INC.

Statements of Activities

For the years ended December 31, 2015 and 2014

	2015			2014		
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenue and other support:						
Contributions and donations	\$ 828,040	41,771	869,811	851,292	645,916	1,497,208
Donated investments	-	50,052	50,052	-	49,650	49,650
Gain (loss) on investments	(11,992)	-	(11,992)	39,031	-	39,031
In-kind contributions	-	-	-	6,000	-	6,000
Net assets released from restrictions - satisfaction of donor restrictions	816,048	91,823	907,871	896,323	695,566	1,591,889
	38,745	(38,745)	-	33,839	(33,839)	-
Total revenue and other support	854,793	53,078	907,871	930,162	661,727	1,591,889
Expenses:						
Program services:						
Education and awareness	302,847	-	302,847	357,405	-	357,405
Family assistance	371,801	-	371,801	280,936	-	280,936
Research	185,404	-	185,404	311,590	-	311,590
Total program services	860,052	-	860,052	949,931	-	949,931
Supporting services:						
Fundraising	82,200	-	82,200	96,901	-	96,901
General and administrative	66,207	-	66,207	97,464	-	97,464
Total supporting services	148,407	-	148,407	194,365	-	194,365
Total expenses	1,008,459	-	1,008,459	1,144,296	-	1,144,296
Change in net assets	(153,666)	53,078	(100,588)	(214,134)	661,727	447,593
Net assets at beginning of year	212,842	889,211	1,102,053	426,976	227,484	654,460
Net assets at end of year	\$ 59,176	942,289	1,001,465	212,842	889,211	1,102,053

See accompanying notes to financial statements.

HUNTER'S HOPE FOUNDATION, INC.
Statement of Functional Expenses
For the year ended December 31, 2015
(with comparative totals for 2014)

	Program Services				Supporting Services				Totals	
	Education and awareness	Family assistance	Research	Total program services	Fundraising	General and administrative	Total supporting services	2015	2014	
Salaries and wages	\$ 160,453	97,568	31,113	289,134	40,160	26,635	66,795	355,929	344,119	
Payroll taxes and fringe benefits	19,268	9,678	3,583	32,529	4,856	8,032	12,888	45,417	39,781	
Research	2,695	35,255	142,687	180,637	-	-	-	180,637	251,000	
Specific assistance and special events	-	84,179	-	84,179	-	-	-	84,179	87,580	
Conferences and medical symposium	1,885	72,747	66	74,698	324	39	363	75,061	73,963	
Outside services	50,581	15,698	3,886	70,165	19,875	2,745	22,620	92,785	185,358	
Advertising	-	-	-	-	-	-	-	-	6,000	
Rent	11,074	5,970	1,871	18,915	2,541	1,640	4,181	23,096	23,120	
Supplies	28,532	4,689	935	34,156	4,815	240	5,055	39,211	22,552	
Professional fees	-	-	-	-	-	14,962	14,962	14,962	16,043	
Travel and training	11,809	38,760	169	50,738	7	4	11	50,749	11,613	
Insurance	1,393	796	238	2,427	383	7,220	7,603	10,030	9,938	
Telephone and telecommunications	2,426	2,408	659	5,493	444	299	743	6,236	5,800	
Postage, shipping and delivery	4,950	2,023	115	7,088	2,996	324	3,320	10,408	19,100	
Printing and copying	6,767	313	-	7,080	5,517	66	5,583	12,663	39,442	
Miscellaneous	1,014	1,717	82	2,813	282	1,063	1,345	4,158	4,204	
Total expenses before depreciation	302,847	371,801	185,404	860,052	82,200	63,269	145,469	1,005,521	1,139,613	
Depreciation	-	-	-	-	-	2,938	2,938	2,938	4,683	
Total expenses	\$ 302,847	371,801	185,404	860,052	82,200	66,207	148,407	1,008,459	1,144,296	

See accompanying notes to financial statements.

HUNTER'S HOPE FOUNDATION, INC.
Statement of Functional Expenses
For the year ended December 31, 2014

	Program Services				Supporting Services			Total
	Education and awareness	Family assistance	Research	Total program services	Fundraising administrative	General and	supporting services	
Salaries and wages	\$ 134,894	84,602	54,449	273,945	44,261	25,913	70,174	344,119
Payroll taxes and fringe benefits	13,986	7,858	7,652	29,496	4,620	5,665	10,285	39,781
Research	-	1,000	226,996	227,996	-	23,004	23,004	251,000
Specific assistance and special events	-	87,580	-	87,580	-	-	-	87,580
Conferences and medical symposium	1,374	71,362	948	73,684	275	4	279	73,963
Outside services	118,065	8,854	12,302	139,221	35,344	10,793	46,137	185,358
Advertising	-	-	-	-	6,000	-	6,000	6,000
Rent	8,720	5,701	3,822	18,243	3,086	1,791	4,877	23,120
Supplies	14,623	6,189	606	21,418	1,134	-	1,134	22,552
Professional fees	177	-	382	559	62	15,422	15,484	16,043
Travel and training	6,068	2,533	2,987	11,588	25	-	25	11,613
Insurance	845	543	426	1,814	342	7,782	8,124	9,938
Telephone and telecommunications	1,769	2,281	794	4,844	602	354	956	5,800
Postage, shipping and delivery	16,201	2,302	192	18,695	342	63	405	19,100
Printing and copying	39,164	-	-	39,164	278	-	278	39,442
Miscellaneous	1,519	131	34	1,684	530	1,990	2,520	4,204
Total expenses before depreciation	357,405	280,936	311,590	949,931	96,901	92,781	189,682	1,139,613
Depreciation	-	-	-	-	-	4,683	4,683	4,683
Total expenses	\$ 357,405	280,936	311,590	949,931	96,901	97,464	194,365	1,144,296

See accompanying notes to financial statements.

HUNTER'S HOPE FOUNDATION, INC.
Statements of Cash Flows
For the years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (100,588)	447,593
Adjustments to reconcile increase (decrease) in net assets to net cash flows used in operating activities:		
Depreciation	2,938	4,683
Contributions restricted for long-term use	(91,823)	(695,566)
Net realized and unrealized (gain) loss on investments	30,678	(25,276)
Changes in:		
Prepaid expenses	-	1,267
Accounts payable	7,471	(6,100)
Grants payable	(12,314)	41,395
Net cash used in operating activities	<u>(163,638)</u>	<u>(232,004)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	715,858	880,965
Purchases of investments	(582,889)	(946,823)
Purchases of property and equipment	-	(4,346)
Net cash provided by (used in) investing activities	<u>132,969</u>	<u>(70,204)</u>
Cash flows from financing activities - proceeds from contributions restricted for long-term use	<u>206,832</u>	<u>183,878</u>
Increase (decrease) in cash and equivalents	176,163	(118,330)
Cash and equivalents at beginning of year	<u>128,769</u>	<u>247,099</u>
Cash and equivalents at end of year	<u>\$ 304,932</u>	<u>128,769</u>
Supplemental schedules of cash flow information:		
Donated investments	<u>\$ 50,052</u>	<u>49,650</u>
In-kind contributions	<u>\$ -</u>	<u>6,000</u>
Advertising	<u>\$ -</u>	<u>6,000</u>

See accompanying notes to financial statements.

HUNTER'S HOPE FOUNDATION, INC.

Notes to Financial Statements

December 31, 2015 and 2014

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

Hunter's Hope Foundation, Inc. (the Foundation) is a New York State nonprofit corporation formed in June 1998. The purpose of the Foundation is to increase public awareness and to support and fund research efforts to find a cure for Krabbe Disease and other Leukodystrophies.

(b) Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(c) Basis of Presentation

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Foundation had only unrestricted and temporarily restricted net assets in 2015 and 2014. 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 and may be used for any purpose designated by the Foundation's Board of Directors.

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.

(d) Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from those estimates.

(e) Cash and Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(f) Investments

Investments are stated at fair value as determined by published market prices.

HUNTER'S HOPE FOUNDATION, INC.
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Contributions

Contributions that are restricted by the donor are reported as increases in temporarily restricted net assets in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

(h) Pledges Receivable

The Foundation recognizes all contributions received as income in the period the pledge is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net assets classes.

(i) Capitalization and Depreciation

Property and equipment are recorded at cost or fair market value at the date of the gift in the case of donated property and equipment. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property and equipment, the appropriate property and equipment accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of activities.

(j) Grants Payable

Grants are recorded as program expenses upon approval of a research contract by management of the Foundation.

(k) Contributed Services

During the year ended December 31, 2015, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation. During the year ended December 31, 2014, the Foundation received donated services of \$6,000 that met the criteria for recognition. These donations are recognized as in-kind contributions and advertising in the statements of activities.

HUNTER'S HOPE FOUNDATION, INC.
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(l) Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(m) Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. The Foundation has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Foundation presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Foundation has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Foundation are subject to examination by taxing authorities.

(n) Subsequent Events

The Foundation has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(2) Pledges Receivable

Pledges receivable consisted of unconditional promises to give to support funding for the Hunter James Kelly Research Institute. Pledges receivable due beyond 2015 are discounted using a 4% rate. A summary of pledges receivables as of December 31, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Pledges receivable	\$ 443,632	643,666
Less unamortized discount at 4%	<u>(33,052)</u>	<u>(68,025)</u>
Unconditional promises to give, net	\$ <u>410,580</u>	<u>575,641</u>
Amounts due in:		
Less than one year	125,899	202,699
One to five years	<u>317,733</u>	<u>440,967</u>
	\$ <u>443,632</u>	<u>643,666</u>

HUNTER'S HOPE FOUNDATION, INC.
Notes to Financial Statements, Continued

(3) Investments

Financial Instruments

The cost and fair value of investments in marketable securities at December 31, 2015 and 2014 are summarized as follows:

	2015		2014	
	Cost	Fair value	Cost	Fair value
Exchange - traded funds	\$ 481,614	470,458	463,740	483,121
Common stocks	50,052	49,202	65,833	61,426
Mutual funds	<u>32,813</u>	<u>18,869</u>	<u>112,740</u>	<u>107,577</u>
Total investments	\$ <u>564,479</u>	<u>538,529</u>	<u>642,313</u>	<u>652,124</u>

Investments in marketable securities are stated at fair value. The fair value of securities is based on quotations obtained from national securities exchanges. In accordance with the policy of carrying investments at fair value, the change in net unrealized depreciation is included in investment income in the statements of activities. A summary of investment income (loss) for the years ended December 31, 2015 and 2014 is as follows:

	2015	2014
Interest and dividend income	\$ 25,774	21,354
Realized gain on investments	5,083	37,563
Net unrealized depreciation in fair value of investments	(35,761)	(12,287)
Administrative fees	<u>(7,088)</u>	<u>(7,599)</u>
	\$ <u>(11,992)</u>	<u>39,031</u>

Fair Value Measurements

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

HUNTER'S HOPE FOUNDATION, INC.
Notes to Financial Statements, Continued

(3) Investments, Continued

Fair Value Measurements, Continued

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015 and 2014.

- Exchange-traded funds - Valued at the closing price as reported by the fund. These funds are required to publish their net asset value and transact at that price. The exchange-traded funds held by the Foundation are deemed to be actively traded.
- Common stocks - Valued at the closing price reported on the active market on which the individual securities are traded.
- Mutual funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

HUNTER'S HOPE FOUNDATION, INC.
Notes to Financial Statements, Continued

(3) Investments, Continued

Fair Value Measurements, Continued

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2015 and 2014:

	<u>Assets at Fair Value as of December 31, 2015</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange - traded funds:				
Mortgage-backed securities	\$ 325,900	-	-	325,900
Bonds	24,518	-	-	24,518
Mid cap funds	93,741	-	-	93,741
Large cap funds	26,299	-	-	26,299
Common stocks:				
Information technology	6,890	-	-	6,890
Staffing and outsourcing	42,312	-	-	42,312
Mutual funds:				
Master limited partnerships	10,845	-	-	10,845
Bonds	<u>8,024</u>	<u>-</u>	<u>-</u>	<u>8,024</u>
Total assets at fair value	\$ <u>538,529</u>	<u>-</u>	<u>-</u>	<u>538,529</u>
	<u>Assets at Fair Value as of December 31, 2014</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange - traded funds:				
Mortgage-backed securities	\$ 151,955	-	-	151,955
Bonds	25,114	-	-	25,114
Mid cap funds	102,156	-	-	102,156
Large cap funds	203,896	-	-	203,896
Common stocks:				
Aerospace	22,146	-	-	22,146
Tobacco	24,634	-	-	24,634
Finance	12,390	-	-	12,390
Information technology	2,256	-	-	2,256
Mutual funds:				
Master limited partnerships	15,255	-	-	15,255
Conservative allocation	29,873	-	-	29,873
Bonds	32,564	-	-	32,564
World allocation	<u>29,885</u>	<u>-</u>	<u>-</u>	<u>29,885</u>
Total assets at fair value	\$ <u>652,124</u>	<u>-</u>	<u>-</u>	<u>652,124</u>

HUNTER'S HOPE FOUNDATION, INC.
Notes to Financial Statements, Continued

(4) Property and Equipment

Property and equipment at December 31, 2015 and 2014 is summarized as follows:

	<u>2015</u>	<u>2014</u>
Computer equipment	\$ 39,885	39,885
Furniture, fixtures and office equipment	<u>24,724</u>	<u>24,724</u>
	64,609	64,609
Less accumulated depreciation	<u>(61,138)</u>	<u>(58,200)</u>
	\$ <u>3,471</u>	<u>6,409</u>

(5) Grants Payable

In May 2008, the Foundation entered into an agreement with the State University of New York at Buffalo (SUNY) to establish the Hunter James Kelly Research Institute (the Institute), a partnership between SUNY and the Foundation. All of the Foundation's research is coordinated through the Institute. The original agreement provided for funding from the Foundation of \$750,000 payable to University at Buffalo Foundation, Inc. in equal quarterly installments of \$37,500 through March 2013, restricted in use to solely support research conducted by SUNY faculty in the Institute. The agreement has been extended periodically and now has a new completion date of March 31, 2016.

The agreement, as amended in 2009, confirmed that funding is conditional upon satisfactory completion of results as described in the agreement. Future payments are to be reviewed and authorized thirty days before the end of each agreement year for payment of the subsequent agreement year. If such results are not achieved, then no future payment shall be made. The grant payable to SUNY was \$150,000 as of December 31, 2015 and 2014.

The Foundation also agreed to use its best efforts to engage in fund raising activities to raise \$3,000,000, which will be restricted in use solely to support the Institute. It was agreed that this amount would be sufficient to generate a Foundation gift of at least \$150,000 each fiscal year to fund the operations of the Institute. The Foundation conducted separate capital campaigns in 2014 and 2012 which raised \$732,700 and \$201,500, respectively.

As of December 31, 2015 and 2014, the Foundation had other research grants payable in the amount of \$94,996 and \$107,310, respectively.

HUNTER'S HOPE FOUNDATION, INC.
Notes to Financial Statements, Continued

(5) Grants Payable, Continued

Grants payable at December 31, 2015 and 2014 is summarized as follows:

	<u>2015</u>	<u>2014</u>
State University of New York at Buffalo	\$ 150,000	150,000
Duke University	8,931	8,931
University of Kansas	16,997	16,997
University of North Carolina	65,000	65,000
Mount Sinai School of Medicine	-	7,314
Ronald McDonald House	<u>4,068</u>	<u>9,068</u>
	<u>\$ 244,996</u>	<u>257,310</u>

(6) Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2015 and 2014 is summarized as follows:

	<u>2015</u>	<u>2014</u>
Hunter James Kelly Research Institute	\$ 896,401	856,928
Kaden's Kisses	16,888	27,783
Blood Spot Project	4,000	4,500
Ralph C. Wilson Jr. Wish Gift	<u>25,000</u>	<u>-</u>
	<u>\$ 942,289</u>	<u>889,211</u>

(7) Leases

The Foundation leases contract management software under an operating lease that provides for lease payments through March 2018. Future minimum lease payments required under this operating lease are as follows:

2016	\$ 36,852
2017	36,852
2018	6,142

(8) Related Party Transactions

The Foundation's investments are managed by an individual who is related to certain Board members and management of the Foundation. Fees paid to the company for which the related party works amounted to \$7,088 and \$7,599 for the years ended December 31, 2015 and 2014, respectively.

The Foundation received a \$100,000 pledge receivable from a member of management during 2012. As of December 31, 2015 and 2014, the pledge receivable balance was \$30,300 and \$47,300, respectively.

HUNTER'S HOPE FOUNDATION, INC.
Notes to Financial Statements, Continued

(8) Related Party Transactions, Continued

The Foundation received a contribution from Kelly for Kids Foundation for \$100,000 and \$90,000 in 2015 and 2014, respectively. The Foundation shares a common board member with Kelly for Kids Foundation.

The Foundation received \$571,200 of pledges receivable from members of the Board of Directors, their families and related organizations during 2014. As of December 31, 2015, the related pledges receivable balance was \$382,431.

(9) Retirement Plan

The Foundation has a Simplified Employment Pension Plan (SEP). Eligible employees are allowed to contribute to the plan on a pre-tax basis. The Foundation does not make any contributions to the SEP.

(10) Community Foundation for Greater Buffalo

The Community Foundation for Greater Buffalo (CFGB) holds funds on behalf of the Foundation. These investments are assets of CFGB, with the Foundation being the income beneficiary in an amount which approximates the income earned on these investments. The amount of funds held by CFGB for the benefit of the Foundation was \$500,000 at December 31, 2015.