

**HEARTS AND NOSES HOSPITAL  
CLOWN TROUPE, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**HEARTS AND NOSES HOSPITAL  
CLOWN TROUPE, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

CONTENTS

Independent Accountant's Review Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6-9
Supplementary Information – Schedules of Expenses	10-11

## Independent Accountant's Review Report

To the Board of Directors  
Heart and Noses Hospital Clown Troupe, Inc.  
Needham, Massachusetts

We have reviewed the accompanying financial statements of Hearts and Noses Hospital Clown Troupe, Inc., which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### *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.

### *Accountant's Responsibility*

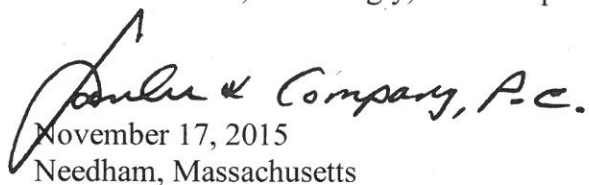
Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### *Accountant's Conclusion*

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Supplementary Information*

The information in the schedules of expenses on pages 10-11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our reviews, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with generally accepted accounting principles. We have not audited the information and, accordingly, do not express an opinion on such information.

  
November 17, 2015  
Needham, Massachusetts

**HEARTS AND NOSES HOSPITAL CLOWN TROUPE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2014 AND 2013**

	2014	2013
<b><u>ASSETS</u></b>		
Current assets:		
Cash	\$ 105,689	\$ 77,487
Certificates of deposit	53,352	89,030
Prepaid insurance	361	716
Total assets	\$ 159,402	\$ 167,233

**LIABILITIES & NET ASSETS**

Current liabilities:		
Accounts payable and accrued expenses	\$ 1,821	\$ 2,071
Accrued retirement plan contribution	1,214	959
	3,035	3,030
Net assets - unrestricted	156,367	164,203
Total liabilities and net assets	\$ 159,402	\$ 167,233

See accompanying notes and independent accountant's review report.

**HEARTS AND NOSES HOSPITAL CLOWN TROUPE, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
Support and revenue:		
Donated services	\$ 162,500	\$ 179,750
Contributions	91,801	87,164
Training fees and manual sales	6,715	784
Donated facilities	3,000	3,000
Interest income	189	311
Total support and revenue	264,205	271,009
 Expenses:		
Program services	210,051	216,394
Fundraising	42,817	27,829
General and administrative	19,173	20,215
Total expenses	272,041	264,438
Increase (decrease) in unrestricted net assets	(7,836)	6,571
Unrestricted net assets at beginning of year	164,203	157,632
Unrestricted net assets at end of year	\$ 156,367	\$ 164,203

See accompanying notes and independent accountant's review report.

**HEARTS AND NOSES HOSPITAL CLOWN TROUPE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
Cash flows from operating activities		
Increase (decrease) in unrestricted net assets	\$ (7,836)	\$ 6,571
Adjustments to reconcile change in net assets to net cash from operating activities:		
(Increase) decrease in prepaid expenses	355	(138)
Interest added to certificates of deposit	(189)	(311)
Increase in accounts payable and accrued expenses	5	486
Net cash provided by (used for) operating activities	(7,665)	6,608
Cash flows from financing activities-		
Withdrawal from certificate of deposit	35,867	-
Net increase in cash	28,202	6,608
Cash at the beginning of the year	77,487	70,879
Cash at the end of the year	\$ 105,689	\$ 77,487

Non-cash Investing Activities:

Interest earned on the certificates of deposit (\$189 in 2014 and \$311 in 2013) was added to the certificates rather than being received in cash. Maturing certificates of deposit were rolled over into new certificates of deposit with later maturity dates, in the amounts of \$53,352 in 2014 and \$89,030 in 2013.

See accompanying notes and independent accountant's review report.

**HEARTS AND NOSES HOSPITAL CLOWN TROUPE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

**1. Nature of Activities**

Hearts and Noses Hospital Clown Troupe, Inc. (the “Organization”) provides ongoing training and administrative support to develop and maintain a highly skilled clown troupe which serves a full range of medical settings including but not limited to hospitals, clinics and hospices. The clown troupe promotes healing for sick children by helping to create a cheerful, positive and joyful hospital environment for the patients and their families.

**2. Significant Accounting Policies**

Basis of Presentation

Generally accepted accounting principles require the Organization to report 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 Organization does not have any temporarily or permanently restricted net assets at the present time.

Use of Estimates

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

Contributions

A contribution received by the Organization is recognized when the donor makes an unconditional promise to give to the Organization. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

See independent accountant’s review report.



**HEARTS AND NOSES HOSPITAL CLOWN TROUPE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

**2. Significant Accounting Policies (continued)**

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased.

Members of the clown troupe perform as volunteers and are not paid by the Organization or by the medical facilities in which they perform. Clown services provided by the members of the clown troupe are recorded as donated services. The value of donated clown services is determined by using rates charged by professional clowns for similar performances at private functions. The value of donated clown services amounted to \$162,500 in 2014 and \$179,750 in 2013.

Members of the Board of Directors and other persons contribute significant amounts of time in administrative and fund-raising activities without being paid. These donated services are not recognized in the financial statements because they do not meet the criteria for recognition under generally accepted accounting principles.

Donated Facilities

Donated facilities are recorded as donations received and rental expense in the amount of the fair value of the premises.

Income Taxes

No provision for income taxes has been made in these financial statements because the Organization is a nonprofit corporation, exempt from income tax under section 501(c)(3) of the Internal Revenue Code. Generally accepted accounting principles require management to determine whether a tax position of the Organization is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The Organization's management has taken the tax position that its activities are not subject to income tax, and management believes it is more likely than not that this position would be sustained on examination. Therefore the financial statements do not reflect any liabilities for income taxes.

See independent accountant's review report.

**HEARTS AND NOSES HOSPITAL CLOWN TROUPE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

**2. Significant Accounting Policies (continued)**

Subsequent Events

Management has evaluated subsequent events through November 17, 2015, the date the financial statements were available to be issued, and has determined that there are no subsequent events which occurred that require recognition or additional disclosure in these financial statements.

**3. Major Donors**

Four donors provided 53% of total contributions in 2014 and 48% of total contributions in 2013.

**4. Concentration of Credit Risk**

The Organization maintains its cash in a bank checking account. The Organization's certificate of deposit held at December 31, 2014 was issued by the same bank. The certificates of deposit held at December 31, 2013 were issued by a different bank. The Organization's checking account and certificates of deposit are insured by the Federal Deposit Insurance Corporation up to a limit of \$250,000 for each bank.

**5. Certificates of Deposit**

Certificates of deposit at the end of the year consist of the following:

	2014	2013
Certificate due in May 2015 with interest at 1.00%	\$ 53,352	\$ -
Certificate due in May 2014 with interest at 1.00%	-	53,223
Certificate due in April 2014 with interest at 1.00%	-	35,807
Total	\$ 53,352	\$ 89,030

See independent accountant's review report.

**HEARTS AND NOSES HOSPITAL CLOWN TROUPE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

**6. Retirement Plan**

The Organization has a defined contribution retirement plan covering eligible employees. Under the provisions of the plan, employees can elect to have a portion of their salary withheld and contributed to a Simple Retirement Plan. The Organization may make a contribution to the plan each year at the discretion of the board of directors. The Organization's contribution was \$1,214 in 2014 and \$959 in 2013.

**7. Related Party Transactions**

The Executive Director donates office space, located in Needham, Massachusetts, to the Organization. The fair market rental of the donated facilities in 2014 and 2013 amounted to \$3,000.

See independent accountant's review report.

## **SUPPLEMENTAL INFORMATION**

**HEARTS AND NOSES HOSPITAL CLOWN TROUPE, INC.**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENSES**  
**YEAR ENDED DECEMBER 31, 2014**

	<u>Total</u>	<u>Program Services</u>	<u>Fund- Raising</u>	<u>General &amp; Administrative</u>
Salaries				
Executive Director	\$ 19,241	\$ 11,545	\$ 1,924	\$ 5,772
Administrative assistant	9,016	1,262	3,787	3,967
Payroll taxes	4,000	1,813	808	1,379
Retirement plan	1,214	729	121	364
Accounting	2,500	-	-	2,500
Computer services	2,587	2,587	-	-
Consulting services -				
Marketing	27,448	4,392	21,958	1,098
Support services	2,250	-	2,250	-
Clown services-donated	162,500	162,500	-	-
Dues & subscriptions	3,596	3,596	-	-
Fundraising event	12,718		11,366	1,352
Insurance	1,666	1,000	166	500
Payroll service fees	594	357	59	178
Printing & brochures	1,512	1,512	-	-
Postage	439	263	44	132
Rent-donated facilities	3,000	1,800	300	900
Supplies	433	433	-	-
Telephone	338	203	34	101
Training	13,941	13,941	-	-
Travel & meals	1,236	1,236	-	-
Other	1,812	882	-	930
	<u>\$ 272,041</u>	<u>\$ 210,051</u>	<u>\$ 42,817</u>	<u>\$ 19,173</u>

See independent accountant's review report.

**HEARTS AND NOSES HOSPITAL CLOWN TROUPE, INC.**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENSES**  
**YEAR ENDED DECEMBER 31, 2013**

	<u>Total</u>	<u>Program Services</u>	<u>Fund- Raising</u>	<u>General &amp; Administrative</u>
Salaries				
Executive Director	\$ 21,358	\$ 12,815	\$ 2,136	\$ 6,407
Administrative assistant	10,608	1,485	4,455	4,668
Payroll taxes	3,423	2,054	342	1,027
Retirement plan	959	575	96	288
Accounting	2,500	-	-	2,500
Computer services	312	312	-	-
Consulting services:				
Marketing	22,675	3,628	18,140	907
Support services	2,103	-	2,103	-
Clown services-donated	179,750	179,750	-	-
Dues & subscriptions	4,370	4,370	-	-
Insurance	1,299	779	130	390
Payroll service fees	578	347	58	173
Printing & brochures	1,337	1,337	-	-
Postage	407	244	41	122
Rent-donated facilities	3,000	1,800	300	900
Supplies	81	81	-	-
Telephone	295	179	28	88
Training	5,902	5,902	-	-
Travel & meals	736	736	-	-
Other	2,745	-	-	2,745
	<u>\$ 264,438</u>	<u>\$ 216,394</u>	<u>\$ 27,829</u>	<u>\$ 20,215</u>

See independent accountant's review report.