

**HEARTS AND NOSES HOSPITAL  
CLOWN TROUPE, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

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## 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, 2016 and 2015, 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.

*Paul & Company, P.C.*

Needham, Massachusetts  
July 27, 2017

**HEARTS AND NOSES HOSPITAL CLOWN TROUPE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b><u>ASSETS</u></b>		
Current assets:		
Cash	\$ 118,168	\$ 90,006
Certificates of deposit	53,566	53,459
Prepaid insurance	361	361
Total assets	\$ 172,095	\$ 143,826

**LIABILITIES & NET ASSETS**

Current liabilities:		
Accounts payable and accrued expenses	\$ 2,570	\$ 2,103
Accrued retirement plan contribution	1,214	1,214
	3,784	3,317
Net assets - unrestricted	168,311	140,509
Total liabilities and net assets	\$ 172,095	\$ 143,826

See accompanying notes and independent accountant's review report.

**HEARTS AND NOSES HOSPITAL CLOWN TROUPE, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Support and revenue:		
Donated services	\$ 198,450	\$ 197,150
Contributions	116,469	75,673
Training fees and manual sales	2,875	275
Donated facilities	3,000	3,000
Interest income	139	143
Total support and revenue	<u>320,933</u>	<u>276,241</u>
Expenses:		
Program services	252,857	242,923
Fundraising	23,437	29,371
General and administrative	16,837	19,805
Total expenses	<u>293,131</u>	<u>292,099</u>
Increase/(decrease) in unrestricted net assets	27,802	(15,858)
Unrestricted net assets at beginning of year	<u>140,509</u>	<u>156,367</u>
Unrestricted net assets at end of year	<u>\$ 168,311</u>	<u>\$ 140,509</u>

See accompanying notes and independent accountant's review report.

**HEARTS AND NOSES HOSPITAL CLOWN TROUPE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
Cash flows from operating activities		
Increase/(decrease) in unrestricted net assets	\$ 27,802	\$ (15,858)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Interest added to certificates of deposit	(107)	(107)
Increase in accounts payable and accrued expenses	467	282
Net cash provided (used) for operating activities	28,162	(15,683)
Net increase/(decrease) in cash	28,162	(15,683)
Cash at the beginning of the year	90,006	105,689
Cash at the end of the year	\$ 118,168	\$ 90,006

Non-cash Investing Activities:

Interest earned on the certificates of deposit (\$107 in 2016 and 2015) 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 \$53,566 in 2016 and \$53,459 in 2015.

See accompanying notes and independent accountant's review report.

**HEARTS AND NOSES HOSPITAL CLOWN TROUPE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

**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, 2016 AND 2015**

**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 as management believes that recognizing the donated clown services in the financial statements will more accurately reflect the Organization's activities. 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 \$198,450 in 2016 and \$197,150 in 2015.

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.

See independent accountant's review report.

**HEARTS AND NOSES HOSPITAL CLOWN TROUPE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

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

Subsequent Events

Management has evaluated subsequent events through July 27, 2017, 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 42% of total contributions in 2016 and three donors provided 42% of total contributions in 2015.

**4. Concentration of Credit Risk**

The Organization maintains its cash in a bank checking account. The Organization's certificate of deposits held at December 31, 2016 and December 31, 2015 are issued by the same 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:

	<u>2016</u>	<u>2015</u>
Certificate due in May 2017 with interest at 0.20%	\$ 53,566	\$ -
Certificate due in May 2016 with interest at 0.20%	<u>-</u>	<u>53,459</u>
Total	<u>\$ 53,459</u>	<u>\$ 53,352</u>

See independent accountant's review report.

**HEARTS AND NOSES HOSPITAL CLOWN TROUPE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

**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 \$1,162 in 2016 and \$1,213 in 2015.

**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 2016 and 2015 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, 2016**

	<u>Total</u>	<u>Program Services</u>	<u>Fund- Raising</u>	<u>General and Administrative</u>
Salaries				
Executive director	\$ 23,746	\$ 14,248	\$ 2,375	\$ 7,123
Administrative assistant	13,918	8,351	1,392	4,175
Artistic director	1,505	1,505	-	-
Payroll taxes	3,670	2,202	367	1,101
Retirement plan	1,162	697	116	349
Accounting	2,500	1,500	250	750
Computer services	995	995	-	-
Consulting services -				
Marketing	18,775	3,005	15,020	750
Support services	3,344	-	3,344	-
Clown services-donated	198,450	198,450	-	-
Dues and subscriptions	2,843	2,843	-	-
Insurance	1,319	791	132	396
Payroll service fees	641	385	64	192
Printing & brochures	1,579	1,579	-	-
Postage	472	283	47	142
Rent-donated facilities	3,000	1,800	300	900
Supplies	725	725	-	-
Telephone	295	177	30	88
Training	5,564	5,564	-	-
Travel and meals	7,757	7,757	-	-
Other	871	-	-	871
	<u>\$ 293,131</u>	<u>\$ 252,857</u>	<u>\$ 23,437</u>	<u>\$ 16,837</u>

See independent accountant's review report.

**HEARTS AND NOSES HOSPITAL CLOWN TROUPE, INC.**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENSES**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Total</u>	<u>Program Services</u>	<u>Fund- Raising</u>	<u>General and Administrative</u>
Salaries				
Executive Director	\$ 20,366	\$ 12,221	\$ 2,036	\$ 6,109
Administrative assistant	11,493	1,610	4,827	5,056
Payroll taxes	3,504	1,523	754	1,227
Retirement plan	1,213	729	121	363
Accounting	2,500	-	-	2,500
Advertising	274	165	27	82
Computer services	3,953	3,953	-	-
Consulting services -				
Marketing	23,494	3,760	18,795	939
Support services	2,027	-	2,027	-
Clown services-donated	197,150	197,150	-	-
Dues & subscriptions	3,249	3,249	-	-
Fundraising event	240	-	240	-
Insurance	1,345	808	134	403
Payroll service fees	619	373	61	185
Printing and brochures	1,642	1,642	-	-
Postage	210	126	21	63
Rent-donated facilities	3,000	1,800	300	900
Supplies	758	758	-	-
Telephone	286	173	28	85
Training	9,293	9,293	-	-
Travel and meals	3,590	3,590	-	-
Other	1,893	-	-	1,893
	<u>\$ 292,099</u>	<u>\$ 242,923</u>	<u>\$ 29,371</u>	<u>\$ 19,805</u>

See independent accountant's review report.