THE CANCER RESEARCH FOUNDATION AND AFFILIATE

COMBINED FINANCIAL STATEMENTS

MARCH 31, 2020

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Warady & Davis LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Cancer Research Foundation and Affiliate
Chicago, Illinois

We have audited the accompanying combined financial statements of THE CANCER RESEARCH FOUNDATION AND AFFILIATE (an Illinois not-for-profit organization), which comprise the combined statement of financial position as of March 31, 2020, and the related combined statements of activities, functional expenses and cash flows for the year ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined 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 entity'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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of THE CANCER RESEARCH FOUNDATION AND AFFILIATE as of March 31, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As discussed in Note 2 to the combined financial statements, during the current year, certain errors were discovered resulting in overstatement of amounts previously reported for net assets without donor restriction and investment income, net, without donor restriction as of April 1, 2018. Accordingly, amounts reported for net assets without donor restriction and net assets with donor restriction have been restated in the 2020 combined financial statements now presented, and an adjustment has been made to beginning net assets without donor restriction and beginning net assets with donor restriction as of April 1, 2018, to correct the error. Our opinion is not modified with respect to that matter.

Other Matter

Prior Period Financial Statements

The combined financial statements of THE CANCER RESEARCH FOUNDATION AND AFFILIATE as of March 31, 2019, were audited by other auditors, whose report dated October 16, 2019, expressed an unmodified opinion on those statements.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining schedules listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Warady & Davis LLP

October 26, 2020

COMBINED STATEMENTS OF FINANCIAL POSITION

As of March 31		2020		(As Restated) 2019
ASSETS				
CURRENT ASSETS				
Cash	**$**	**113,330**	$	206,257
Investments		**8,086,435**		8,941,435
Accrued Interest Receivable		**22,967**		29,912
Total Current Assets		**8,222,732**		9,177,604
INVESTMENTS HELD IN PERPETUITY		**710,265**		710,265
OTHER ASSETS				
Security Deposit		**1,900**		1,900
TOTAL ASSETS	**$**	**8,934,897**	$	9,889,769
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Grants Payable	**$**	**515,000**	$	350,000
Accounts Payable and Accrued Expenses		**22,544**		6,977
Accrued Excise Taxes		**16,000**		5,739
Total Current Liabilities		**553,544**		362,716
NET ASSETS				
Net Assets Without Donor Restriction		**6,381,763**		7,374,687
Net Assets With Donor Restriction		**1,999,590**		2,152,366
Total Net Assets		**8,381,353**		9,527,053
TOTAL LIABILITIES AND NET ASSETS	**$**	**8,934,897**	$	9,889,769

See accompanying notes.

COMBINED STATEMENTS OF ACTIVITIES

For the Years Ended March 31	2020			2019		
	Without Donor Restriction	**With Donor Restriction**	**Total**	(As Restated) Without Donor Restriction	(As Restated) With Donor Restriction	Total
SUPPORT REVENUES						
Contributions	**$ 157,485**	**$ —**	**$ 157,485**	$ 123,595	$ —	$ 123,595
Bequests	**199,278**	**—**	**199,278**	94,799	—	94,799
Net Assets Released from Restrictions	**—**	**—**	**—**	321,636	(321,636)	—
Total Support Revenues	**356,763**	**—**	**356,763**	540,030	(321,636)	218,394
OTHER REVENUES						
Interest and Dividends, net	**173,201**	**51,129**	**224,330**	194,786	55,587	250,373
Net Realized and Unrealized Gain (Loss) on Investments	**(575,871)**	**(210,404)**	**(786,275)**	453,735	68,129	521,864
Investment Income (Loss), net	**(402,670)**	**(159,275)**	**(561,945)**	648,521	123,716	772,237
Total Revenues, net	**(45,907)**	**(159,275)**	**(205,182)**	1,188,551	(197,920)	990,631
FUNCTIONAL EXPENSES						
Program Services	**793,306**	**—**	**793,306**	703,542	—	703,542
Supporting Services						
Management and General	**70,752**	**—**	**70,752**	79,846	—	79,846
Fundraising	**54,704**	**—**	**54,704**	62,428	—	62,428
Total Functional Expenses	**918,762**	**—**	**918,762**	845,816	—	845,816
Excise Taxes	**21,756**	**—**	**21,756**	5,739	—	5,739
Total Expenses	**940,518**	**—**	**940,518**	851,555	—	851,555
CHANGE IN NET ASSETS	**(986,425)**	**(159,275)**	**(1,145,700)**	336,996	(197,920)	139,076
Net Assets, Beginning as Previously Reported	—	—	—	8,356,076	1,031,901	9,387,977
Prior Period Adjustment	—	—	—	(1,318,385)	1,318,385	—
Net Assets, Beginning as Restated	**7,368,188**	**2,158,865**	**9,527,053**	7,037,691	2,350,286	9,387,977
NET ASSETS, ENDING	**$ 6,381,763**	**$ 1,999,590**	**$ 8,381,353**	$ 7,374,687	$ 2,152,366	$ 9,527,053

See accompanying notes.

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended March 31	**2020**				2019			
		Supporting Services				Supporting Services		
	Program Services	**Management and General**	**Fundraising**	**Total**	Program Services	Management and General	Fundraising	Total
Grants	**$ 614,710**	**$ —**	**$ —**	**$ 614,710**	$ 550,000	$ —	$ —	$ 550,000
Payroll and Taxes	**114,471**	**37,757**	**25,784**	**178,012**	123,508	62,355	38,398	224,261
Legal and Professional	**37,600**	**23,850**	**11,925**	**73,375**	16,537	9,862	4,931	31,330
Telephone	**1,592**	**965**	**483**	**3,040**	1,208	732	366	2,306
Postage and Office Supplies	**2,796**	**1,241**	**2,167**	**6,204**	2,204	1,125	1,335	4,664
Advertising	**10,336**	**869**	**8,195**	**19,400**	689	345	11,226	12,260
Rent	**3,035**	**5,151**	**5,074**	**13,260**	2,971	5,034	4,959	12,964
Meeting Expense	**1,535**	**—**	**—**	**1,535**	1,364	—	—	1,364
Insurance	**1,040**	**749**	**83**	**1,872**	288	390	98	776
Newsletter	**3,250**	**—**	**813**	**4,063**	2,036	—	509	2,545
Internet	**2,912**	**166**	**178**	**3,256**	2,641	—	604	3,245
Miscellaneous	**29**	**4**	**2**	**35**	96	3	2	101
	$ 793,306	**$ 70,752**	**$ 54,704**	**$ 918,762**	$ 703,542	$ 79,846	$ 62,428	$ 845,816

See accompanying notes.

COMBINED STATEMENTS OF CASH FLOWS

For the Years Ended March 31	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	**$ (1,145,700)**	$ 139,076
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Net Realized and Unrealized (Gain) Loss on Investments	**786,275**	(423,042)
Changes in Assets and Liabilities:		
Accrued Interest Receivable	**6,945**	(25,522)
Beneficial Interest in Trusts and Estates	**—**	321,636
Grants Payable	**165,000**	75,000
Accounts Payable and Accrued Expenses	**15,567**	(5,617)
Accrued Excise Taxes	**10,261**	5,739
Total Adjustments	**984,048**	(51,806)
Net Cash Provided (Used) by Operating Activities	**(161,652)**	87,270
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	**(2,447,931)**	(1,641,982)
Proceeds from Sales of Investments	**2,516,656**	1,668,309
Net Cash Provided by Investing Activities	**68,725**	26,327
NET INCREASE (DECREASE) IN CASH	**(92,927)**	113,597
Cash, Beginning	**206,257**	92,660
CASH, ENDING	**$ 113,330**	$ 206,257

See accompanying notes.

NOTES TO COMBINED FINANCIAL STATEMENTS

NATURE OF ORGANIZATION

The Cancer Research Foundation (CRF) is an Illinois not-for-profit corporation, created to raise funds to support early-career scientists and new directions in cancer science research with the goal of contributing to "Transformational Events" in the prevention, treatment and cure for cancer. CRF seeks to leverage the collective knowledge and experience of its employees and board members, its allies and its past grantees, to make grants that have the ability to increase scientific knowledge significantly more than money from traditional funding sources. To do this, CRF employs a two-pronged strategy of relying on some of the best minds in cancer science while keeping its overhead as low as possible.

CRF practices a grant-making strategy intended to allow it to make the greatest difference in cancer knowledge possible. The premier granting vehicle is the CRF Young Investigator Award, a 2-year award totaling $100,000 in 2019 and $75,000 in 2018, and granted to multiple researchers every year focused on bridging the funding gap most starting scientists' face. In June of 2016, CRF established a separate Chicago Chapter (the Chapter) (collectively, the Foundation) tasked with fundraising and grant-making exclusively in the Chicago area to further grow this approach.

Currently, certain members of CRF's Board of Directors also serve as the only members of the Chapter's Board of Directors. The Chapter receives funds from CRF for operational expenses and employs all the funds it raises in grants made to researchers within the Chicago area. Both CRF and the Chapter have been designated as charitable organizations as defined by Internal Revenue Code 50l(c)(3) and all donations made to both affiliated organizations qualify for the maximum charitable contribution allowable.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the Foundation's combined financial statements. The financial statements and notes are representations of management who is responsible for their integrity and objectivity. These accounting policies conform to U.S. generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the financial statements.

BASIS OF ACCOUNTING

The combined financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with GAAP.

PRINCIPLES OF COMBINATION

The accompanying combined financial statements include the accounts of CRF and the Chapter. All intercompany transactions and balances have been eliminated.

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the FASB Codification) topic related to "Financial Statements of Not-for-Profit Organizations." This guidance requires the Foundation to report information regarding its financial position and activities, 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:

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL STATEMENT PRESENTATION (Continued)

Net assets without donor restriction – Net assets that are not subject to donor-imposed stipulations plus those resources for which donor-imposed stipulations have been satisfied. Net assets without donor restriction may otherwise be designated for specific purposes by action of the Board of Directors.

Voluntary resolutions by the Foundation's Board of Directors to designate a portion of net assets without donor restriction for specific purposes do not result in restricted funds. Since designations are voluntary and may be reversed by the Board of Directors at any time, Board-designated net assets are considered net assets without donor restriction. As of March 31, 2020 and 2019, the Board of Directors did not designate any net assets without donor restriction for a specific purpose or period.

Net assets with donor restriction – Net assets whose use by the Foundation is subject to donor-imposed stipulations that could be fulfilled either by actions of the Foundation, pursuant to those stipulations and/or that expire by the passage of time. Net assets with donor restriction are reclassified to net assets without donor restriction when the restrictions have been met and presented in the combined statements of activities as net assets released from restrictions, if any.

Additionally, the Foundation has net assets subject to donor-imposed stipulations for the resources to be maintained permanently by the Foundation. Investment income (loss) earned on such resources is classified as net assets with donor restriction (only to be used for laboratory research) until such amounts are appropriated for expenditure by the Foundation's Board of Directors in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

Revenues are reported as increases in net assets without donor restriction unless use of the related asset is limited by donor-imposed stipulations. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law.

USE OF ESTIMATES

The preparation of combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RECOGNITION OF SUPPORT, RECEIVABLES AND REVENUES

The Foundation accounts for public support contributions received and unconditional promises to give under the provisions of the FASB Codification topic related to contributions made and received. Contributions are recognized as support revenue when received. Unconditional promises to give are recognized when received at the estimated present value of future cash flows, net of allowances.

Contributions received are recognized as support revenue with or without donor restriction, depending on the existence and/or nature of any donor stipulations. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the combined statements of activities as net assets released from restrictions, if any.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

RECOGNITION OF SUPPORT, RECEIVABLES AND REVENUES (Continued)

Contributions of assets other than cash, if any, are recognized in the combined statements of activities at their estimated fair value at the date of donation. The Foundation is a beneficiary of several estates and trusts maintained by independent trustees. Such bequests represent split-interest agreements, which are recognized as revenue at their estimated future value when the Foundation is notified it has an irrevocable beneficial interest in such agreements. Such beneficial interests in irrevocable trusts are typically the result of distributions to be received upon liquidation of estates and trusts, and are valued at the proportional share of interest, at the closing price reported on the active or observable market on which the trusts' underlying individual securities are traded as reported to the Foundation by the trustees. The gifts are recorded at the fair value of the Foundation's interest in such estates and trusts.

Any proportionate share of interest known, but not yet distributed, is recognized as a receivable at fair value in the combined statements of financial position and any changes in the estimated future value of split-interest agreements are recognized in the combined statements of activities. The Foundation was notified of and recognized bequests of $199,278 and $94,798 for the years ended March 31, 2020 and 2019, respectively.

CONTRIBUTIONS AND GRANTS MADE

An unconditional promise made by a not-for-profit organization is recognized as grant expense and grant payable in the period that the promise is made, or when the Board of Directors approves the grant. Grants distributed are deemed unconditional as long as the researcher remains at a comprehensive research center continuing their research. Upon departure from the research center, the recipient forfeits the remainder of the grant back to the Foundation.

FAIR VALUE MEASUREMENTS

The provisions of the FASB guidance on fair value measurements defines fair value, establishes a framework for measuring fair value and expands disclosure of fair value measurements. The guidance applies to all assets and liabilities that are measured and reported on a fair value basis. The carrying amounts of financial instruments, including cash, accrued interest receivable, grants payable, accounts payable and accrued liabilities, approximate fair value due to the short maturity of these instruments.

INVESTMENTS

The Foundation follows the provisions of the FASB Codification topic related to accounting for investments held by not-for-profit organizations. This standard requires investments in marketable securities be accounted for at fair value on the trade date.

Investment income (loss), net in the combined statements of activities includes interest income, recognized when earned, and dividend income recognized on the ex-dividend date, net of custodial and investment advisory fees incurred of $81,046 and $74,980, respectively, for the years ended March 31, 2020 and 2019. Also included in investment income (loss) net, are net realized gains and losses, which are the differences between the proceeds received and the cost of investments sold, and unrealized gains and losses, which are the differences between the fair value and cost of investments held.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost. The Foundation capitalizes all individual expenditures for property and equipment in excess of $2,500. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5-7 years. Maintenance and repairs that do not increase the useful lives of the assets are charged to expense as incurred. Property and equipment totaling $6,632 was fully depreciated in a prior year, thus no depreciation expense was incurred for the years ended March 31, 2020 and 2019.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and supporting services are presented on a functional basis in the combined statements of activities. All direct costs are charged to the applicable functional area. Indirect costs are allocated to programs and supporting services based on management estimates, considering the nature of the expense and how it relates to such functional area. Management and general costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

Total fundraising expense for the years ended March 31, 2020 and 2019 amounted to $54,710 and $62,453, respectively. Fundraising expenses are computed using actual expenses and an allocation of expenses based on management's estimate.

CONCENTRATIONS OF RISK

The Foundation’s cash balances, at times, may exceed federally-insured limits, however it has not experienced any losses in these accounts and management believes it is not exposed to any significant credit risk on cash.

Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with investments, it is at least reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the financial statements.

CRF is a member of the Combined Federal Campaign and Local Independent Charities of America whereby government employees make donations to selected charities through payroll withholdings. Contributions from these organizations amounted to 18% and 36% of total public support for the years ended March 31, 2020 and 2019, respectively.

The Foundation received bequests which comprised 56% and 43% of total public support contributions for the years ended March 31, 2020 and 2019, respectively. During the year ended March 31, 2020, two bequests received from one donor accounted for 55% of total public support.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

TAX STATUS

The United States Treasury Department has advised that CRF and the Chapter are not-for-profit corporations organized and operated exclusively for charitable and scientific purposes. The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and applicable State law. As of and for the years ended March 31, 2020 and 2019, CRF earned enough investment income for tax purposes (interest and dividends) compared to its revenue earned from public support contributions, such that it qualifies to be and filed as a private foundation as defined in Section 509(a) of the Internal Revenue Code. As a private foundation, CRF's net investment income earned for tax purposes is subject to federal excise taxes. The Chapter continues to file as a public charity without private foundation status.

To the extent unrelated business income exists, the Foundation would be subject to unrelated business income tax. The Foundation follows the guidance in the FASB Codification topic related to uncertainty in income taxes, which prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the combined financial statements uncertain tax positions that the Foundation has taken or expects to take in its tax returns. Under the guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is "more likely than not" that it is sustainable, based on its technical merits. The tax benefits recognized in the combined financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority having full knowledge of all relevant information. Management believes the Foundation has appropriate support for the positions taken on its returns.

ADVERTISING COSTS

Advertising costs are expensed as incurred. Advertising expenses for the years ended March 31, 2020 and 2019 totaled $19,400 and $12,260 respectively.

RECLASSIFICATIONS

Certain reclassifications have been made to the prior year combined financial statements without any effect on change in net assets or total net assets, in order to conform to the current year presentation.

NEW ACCOUNTING PRONOUNCEMENTS

The Foundation adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which was issued by the FASB in August 2016 and was effective for the Foundation's year ended March 31, 2019. ASU No. 2016-14 required significant changes to the financial reporting model of organizations that follow the FASB not-for-profit rules, including changing from three classes of net assets to two classes: net assets with donor restriction and net assets without donor restriction; changes in the way certain information is aggregated and reported by the Foundation, including required disclosures about the liquidity and availability of resources; and a statement of functional expenses with required disclosure of the allocation methodology. The new standard was applied on a retrospective basis. Other than these additional disclosures and name changes, no revisions were required to the prior year amounts.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NEW ACCOUNTING PRONOUNCEMENTS (Continued)

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09 (Topic 606): *Revenue from Contracts with Customers*, which supersedes the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The ASU was effective for annual reporting periods beginning after December 15, 2018, but was extended until years beginning after December 15, 2019. Management has determined that the standard will not have a significant impact on the Foundation's combined financial statements and is currently gathering the appropriate information to implement the standard in a timely manner.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance applies to all entities that receive or make contributions and clarifies the definition of an exchange transaction. The criteria for evaluating whether contributions are unconditional (and thus recognized immediately as revenue) or conditional (for which revenue recognition is delayed until the condition is met) have been clarified. The focus is whether a gift or grant agreement both (1) specifies a "barrier" that the recipient must overcome to be entitled to the resources and (2) releases the donor from its obligation to transfer resources if the barrier is not achieved. An agreement that includes both is a conditional contribution. The Foundation adopted the ASU commencing April 1, 2019.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which supersedes *ASC 840, Leases*. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either financing or operating, with the classification affecting the pattern of expense recognition in the statements of activities. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statements of financial position. The reporting of lease-related expenses in the statements of activities and cash flows will be generally consistent with the current guidance. The ASU was effective for annual reporting periods beginning after December 15, 2020, but was extended until annual reporting periods beginning after December 15, 2021. Management has determined that the standard will not have a significant impact on the Foundation's combined financial statements and is currently gathering the appropriate information to implement the standard in a timely manner. The new lease guidance will be effective for the Foundation's year ending March 31, 2023 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The lease standard is expected to increase assets and lease liabilities upon adoption and there is not expected to be a significant impact on expenses or cash flows.

NOTE 2—PRIOR PERIOD ADJUSTMENT

Upon review of the original donor-stipulated endowment fund agreement and prior year combined financial statements during the current year, certain errors were discovered resulting in overstatement of amounts previously reported for net assets without donor restriction and investment income, net without donor restriction as of April 1, 2018. Although the donor explicitly stipulated in the underlying agreement that the income earned from the endowment investments fund be restricted as to purpose, such income has historically been accounted for as without donor restriction because management took the position that inherent in its mission is to fund laboratory research. In spite of this position, the income earned from the endowment investments has remained in the endowment investments fund subject to the donor restriction. However, because there are other types of expenditures incidental to operations and the endowment investments fund should not be used to fund such expenditures, management has determined the character of the earnings on the endowment investments fund be restricted until appropriated for expenditure by the Board of Directors. Accordingly, amounts reported for net assets without donor restriction and net assets with donor restriction have been restated in the 2020 combined financial statements now presented, and an adjustment has been made to reclassify beginning net assets without donor restriction and beginning net assets with donor restriction as of April 1, 2018, to correct the errors. Such adjustment had no effect on operations, change in net assets or total net assets. The endowment investments fund, including related accrued interest, represents the Foundation's net assets with donor restriction as of March 31, 2020 and 2019.

The cumulative effect of the prior period adjustment as of March 31, 2018 is as follows:

	As Previously Reported March 31, 2018	Prior Period Adjustment	As Restated April 1, 2018
Net Assets without Donor Restriction	$ 8,356,076	$ (1,318,385)	$ 7,037,691
Net Assets with Donor Restriction	1,031,901	1,318,385	2,350,286
Total	$ 9,387,977	$ —	$ 9,387,977

NOTE 3—LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following at March 31, 2020:

Cash	$ 120,830
Investments	8,796,700
Accrued Interest Receivable	22,967
Less Net Assets with Donor Restriction	(1,999,590)
	$ 6,940,907

As part of its liquidity management plan, the Foundation maintains sufficient cash in its general operating account to meet current operating needs and invests excess cash in its investment portfolio, composed of a general investments fund without donor restriction and an endowment investments fund with donor restriction. The general operating account is used to collect contributions and pay for general operating expenses, with the goal of maintaining a balance of approximately $100,000 unless there is a grant payable in the near future. Cash needed in excess of the general operating account is transferred from the general investments fund, which is available for use. The endowment investments fund represents the net assets with donor restriction and is only to be used to fund the Fletcher Award, which are $100,000 per award over two years, in annual installments of $50,000 per year per recipient. No Fletcher Award payments were made during the year ended March 31, 2020. As indicated in the above table, the Foundation has sufficient liquid assets to meet at least one year of expenses.

NOTE 4—INVESTMENTS

The Foundation has an investment portfolio recorded at estimated fair value, which is composed of a general investments fund without donor restriction and an endowment investments fund with donor restriction, the corpus of which, in the original amount of $710,265, is stipulated by the donor to be maintained in perpetuity with income only to be used for laboratory research.

Investments as of March 31, 2020 consisted of:

	General Fund	Endowment Fund	Total
Cash	$ —	$ 1,832	$ 1,832
Cash Due to Broker	(19,798)	—	(19,798)
Bank Deposit Program	324,431	72,974	397,405
Common Stocks	3,942,868	1,162,417	5,105,285
Corporate Bonds	814,689	339,113	1,153,802
Preferred Stocks	1,741,086	417,088	2,158,174
Total Investments	$ 6,803,276	$ 1,993,424	$ 8,796,700

Investments as of March 31, 2019 consisted of:

	General Fund	Endowment Fund	Total
Cash	$ 6,138	$ 1,282	$ 7,420
Bank Deposit Program	185,649	50,555	236,204
Common Stocks	4,759,102	1,366,887	6,125,989
Corporate Bonds	1,291,059	401,025	1,692,084
Preferred Stocks	1,258,890	331,113	1,590,003
Total Investments	$ 7,500,838	$ 2,150,862	$ 9,651,700

NOTE 5—FAIR VALUE MEASUREMENTS

The Foundation accounts for its financial instruments at estimated fair value, in accordance with GAAP, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access at the measurement date. The types of investments included in Level 1 include exchange-traded equity securities.

Level 2: Inputs other than quoted prices within Level 1, that are observable for the asset or liability, either directly or indirectly, and the fair value is determined through the use of models or other valuation methodologies. Investments that are generally included in this category include corporate bonds and preferred stocks. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3: Inputs that are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The Foundation has no Level 3 investments.

NOTE 5—FAIR VALUE MEASUREMENTS (Continued)

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. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation methods used may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although management believes the Foundation's 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. There have been no changes in the methodologies used at March 31, 2020 and 2019. The following is a description of the valuation methodologies used for recurring assets measured at fair value.

Level 1 Fair Value Measurements

The fair value of investments in bank deposit program and exchange-traded common stocks is based on quoted market prices in active markets for identical assets.

Level 2 Fair Value Measurements

The fair value of corporate bonds is estimated using various techniques, which may consider recently executed transactions in securities of the issuer or comparable issuers, market price quotations (where observable), bond spreads, fundamental data relating to the issuer, and credit default swap spreads adjusted for any basis difference between cash and derivative instruments. Although most corporate bonds are categorized in Level 2 of the fair value hierarchy, in instances where lower relative weight is placed on transaction prices, quotations, or similar observable inputs, they may be categorized in Level 3.

The fair value of preferred stocks is estimated using the present value of its future income stream discounted at its required yield of rate of return.

Level 3 Fair Value Measurements

The Foundation has no Level 3 fair value measurements.

Fair value of investments measured on a recurring basis at March 31, 2020 is as follows:

	Fair Value	Level 1	Level 2	Level 3
Bank Deposit Program	$ 397,405	$ 397,405	$ —	$ —
Common Stocks	5,105,285	5,105,285	—	—
Corporate Bonds	1,153,802	—	1,153,802	—
Preferred Stocks	2,158,174	—	2,158,174	—
Total Investments, at Fair Value	8,814,666	$ 5,502,690	$ 3,311,976	$ —
Cash	1,832			
Cash Due to Broker	(19,798)			
Total Investments	$ 8,796,700			

NOTE 5—FAIR VALUE MEASUREMENTS (Continued)

Fair value of investments measured on a recurring basis at March 31, 2019 is as follows:

	Fair Value	Level 1	Level 2	Level 3
Bank Deposit Program	$ 236,204	$ 236,204	$ —	$ —
Common Stocks	6,125,989	6,125,989	—	—
Corporate Bonds	1,692,084	—	1,692,084	—
Preferred Stocks	1,590,003	—	1,590,003	—
Total Investments, at Fair Value	9,644,280	$ 6,362,193	$ 3,282,087	$ —
Cash	7,420			
Total Investments	$ 9,651,700			

NOTE 6—NET ASSETS WITH DONOR RESTRICTION

The Foundation's net assets with donor restriction are composed solely of an endowment investments fund from a single donor, the $710,265 corpus of which, is specified by the donor to be maintained permanently with income only to be used for laboratory research. During the year ended March 31, 2020, no amounts were released from restrictions and expended on laboratory research. The endowment investments fund's primary objective is to maintain the principal in perpetuity. As required by GAAP, net assets associated with endowment funds, including any funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation adopted investment and spending policies, approved by the Board of Directors, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment investments fund while also maintaining the purchasing power of such endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities. Investment risk is measured in terms of the total endowment investments fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk. Actual returns in any given year may vary.

NOTE 6—NET ASSETS WITH DONOR RESTRICTION (Continued)

The Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment investments fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restriction (a) the original value of gifts donated to the permanent endowment, (b) the original value of any subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment investments fund that is not classified as part of the permanent endowment are net assets with donor restrictions. These net assets will be classified as donor-restricted until such amounts are appropriated for expenditure by the Foundation's Board of Directors in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate income earned from the donor-restricted endowment investments fund: (1) the duration and preservation of the fund, (2) the purpose of the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, and (6) other resources and policies of the Foundation.

NOTE 7—GRANTS AUTHORIZED AND PAYABLE

Grants authorized but unpaid at year-end are reported as liabilities in the combined statements of financial position. The following is a summary of grants authorized during the years ended March 31, 2020 and 2019.

Name	2020	2019
Grants authorized to the University of Chicago were directed to the following researchers:		
Dr. Imo Akpan	$ —	$ 75,000
Dr. Yang Li	—	75,000
Dr. Sean Pitroda	—	75,000
Dr. James Godfrey	—	75,000
Dr. Suzanne D. Conzen	—	100,000
Dr. Daria Esterhazy	100,000	—
Dr. Michael Drazer	100,000	—
Dr. Mark Levin	100,000	—
Dr. Alex Muir	100,000	—
Dr. Benjamin Shogun	100,000	—
Total	500,000	400,000

NOTE 7—GRANTS AUTHORIZED AND PAYABLE (Continued)

Name	2020	2019
Grants authorized to the Washington University in St. Louis were directed to the following researchers:		
Dr. George P. Souroullas	$ —	$ 75,000
Dr. Aadel Chaudhuri	—	75,000
Dr. Sid Puram	100,000	—
Dr. Amber Stratman	100,000	—
Total	200,000	150,000
International Grants authorized for a Special Project with the University of Chicago Pediatric Cancer Data Commons were directed to the following researchers:		
Dr. Nathalie Gaspar (France)	7,500	—
Dr. Brice Fresnau (France)	7,500	—
Dr. Samuel Vochenboum, MD, PhD	10,000	—
Dr. Hans Merks (Italy)	5,000	—
Total	30,000	—
Total Grants Authorized	730,000	550,000
Less		
Grants Authorized Not Issued	(75,000)	—
Grants Paid	(490,000)	(475,000)
	(557,500)	(475,000)
Net Change	165,000	75,000
Grants Payable, Beginning	350,000	275,000
Grants Payable, Ending	$ 515,000	$ 350,000

During the year ended March 31, 2020, the Foundation received refunds of $42,090 related to two grant award amounts issued in prior years not spent because the researchers discontinued the specific projects.

NOTE 8—OPERATING LEASE

On June 15, 2020, the Chapter extended for two years, its obligation for future minimum rental commitments totaling $25,500 by executing the Fifth Amendment to Lease, a non-cancelable operating lease for office space, now expiring in August 2022. The agreement provides for annual base rent and additional rent related to future increases in the building's operating expenses and real estate taxes. Rent expense during the years ended March 31, 2020 and 2019, totaled $13,260 and $12,626, respectively.

Aggregate future minimum annual payments required under operating lease commitments are as follows:

March 31, 2021	$ 7,350
March 31, 2022	12,775
March 31, 2023	5,375
Total	$ 25,500

NOTE 9—RELATED PARTY TRANSACTIONS

During the year ended March 31, 2020 and 2019, the Foundation's Board of Directors and board member related family foundations donated $29,655 and $18,870, respectively.

CRF shares an address with The Heart Research Foundation, Inc., a related entity through common control. In the normal course of business, the two entities do not transact with each other.

NOTE 10—SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through October 26, 2020, the date that the financial statements were available for issuance. The coronavirus (COVID-19) outbreak in the United States has impacted the Foundation's fundraising efforts as a result of the related economic recession. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. Therefore, the Foundation expects a negative effect on the results of its activities including the return on its investments until the economy fully recovers, however the related financial impact cannot be reasonably estimated at this time.

In late August 2020, the Foundation made three awards of $100,000, each to be paid in two installments over two years and each made to researchers at the University of Chicago. The Foundation paid the university $150,000 from the endowment investments fund in late August 2020 and expects to make the final payment by mid-September 2021.

SUPPLEMENTARY INFORMATION

COMBINING SCHEDULE OF FINANCIAL POSITION

As of March 31, 2020

	Without Donor Restriction				With Donor Restriction				
	Cancer Research Foundation	Cancer Research Foundation - Chicago Chapter	Eliminations	Total	Cancer Research Foundation	Cancer Research Foundation - Chicago Chapter	Eliminations	Total	Combined Total 2020
ASSETS									
CURRENT ASSETS									
Cash	$ 76,431	$ 36,899	$ —	$ 113,330	$ —	$ —	$ —	$ —	$ 113,330
Investments	6,803,276	—	—	6,803,276	1,283,159	—	—	1,283,159	8,086,435
Accrued Interest Receivable	16,801	—	—	16,801	6,166	—	—	6,166	22,967
Due from Affiliate	675	49,539	(50,214)	—	—	—	—	—	—
Total Current Assets	6,897,183	86,438	(50,214)	6,933,407	1,289,325	—	—	1,289,325	8,222,732
INVESTMENTS HELD IN PERPETUITY	—	—	—	—	710,265	—	—	710,265	710,265
OTHER ASSETS									
Security Deposit	1,900	—	—	1,900	—	—	—	—	1,900
TOTAL ASSETS	$ 6,899,083	$ 86,438	$ (50,214)	$ 6,935,307	$ 1,999,590	$ —	$ —	$ 1,999,590	$ 8,934,897
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES									
Grants Payable	$ 465,000	$ 50,000	$ —	$ 515,000	$ —	$ —	$ —	$ —	$ 515,000
Accounts Payable and Accrued Expenses	20,303	2,241	—	22,544	—	—	—	—	22,544
Accrued Excise Taxes	16,000	—	—	16,000	—	—	—	—	16,000
Due from Affiliate	49,539	675	(50,214)	—	—	—	—	—	—
Total Current Liabilities	550,842	52,916	(50,214)	553,544	—	—	—	—	553,544
NET ASSETS	6,348,241	33,522	—	6,381,763	1,999,590	—	—	1,999,590	8,381,353
TOTAL LIABILITIES AND NET ASSETS	$ 6,899,083	$ 86,438	$ (50,214)	$ 6,935,307	$ 1,999,590	$ —	$ —	$ 1,999,590	$ 8,934,897

COMBINING SCHEDULE OF ACTIVITIES

For the Year Ended March 31, 2020

	Without Donor Restriction				With Donor Restriction				
	Cancer Research Foundation	Cancer Research Foundation - Chicago Chapter	Eliminations	Total	Cancer Research Foundation	Cancer Research Foundation - Chicago Chapter	Eliminations	Total	Combined Total 2020
SUPPORT REVENUES									
Contributions	$ 107,340	$ 50,145	$ —	$ 157,485	$ —	$ —	$ —	$ —	$ 157,485
Grants	—	200,000	(200,000)	—	—	—	—	—	—
Bequests	199,278	—	—	199,278	—	—	—	—	199,278
Total Support Revenues	306,618	250,145	(200,000)	356,763	—	—	—	—	356,763
OTHER REVENUES									
Interest and Dividends, net	173,201	—	—	173,201	51,129	—	—	51,129	224,330
Net Realized and Unrealized Gain (Loss) on Investments	(575,871)	—	—	(575,871)	(210,404)	—	—	(210,404)	(786,275)
Investment Income (Loss), net	(402,670)	—	—	(402,670)	(159,275)	—	—	(159,275)	(561,945)
Total Revenues, net	(96,052)	250,145	(200,000)	(45,907)	(159,275)	—	—	(159,275)	(205,182)
FUNCTIONAL EXPENSES									
Program Services	885,910	107,396	(200,000)	793,306	—	—	—	—	793,306
Supporting Services									
Management and General	16,353	54,399	—	70,752	—	—	—	—	70,752
Fundraising	19,781	34,923	—	54,704	—	—	—	—	54,704
Total Functional Expenses	922,044	196,718	(200,000)	918,762	—	—	—	—	918,762
Excise Taxes	21,756	—	—	21,756	—	—	—	—	21,756
Total Expenses	943,800	196,718	(200,000)	940,518	—	—	—	—	940,518
CHANGE IN NET ASSETS	(1,039,852)	53,427	—	(986,425)	(159,275)	—	—	(159,275)	(1,145,700)
Net Assets, Beginning as Restated	7,388,093	(19,905)	—	7,368,188	2,158,865	—	—	2,158,865	9,527,053
NET ASSETS, ENDING	$ 6,348,241	$ 33,522	$ —	$ 6,381,763	$ 1,999,590	$ —	$ —	$ 1,999,590	$ 8,381,353

See accompanying independent auditors' report.

COMBINING SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended March 31, 2020

	Program Services				Management and General				Fundraising				
	Cancer Research Foundation	Cancer Research Foundation - Chicago Chapter	Eliminations	Total	Cancer Research Foundation	Cancer Research Foundation - Chicago Chapter	Eliminations	Total	Cancer Research Foundation	Cancer Research Foundation - Chicago Chapter	Eliminations	Total	Combined Total 2020
Grants	$ 773,220	$ 41,490	$ (200,000)	$ 614,710	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 614,710
Payroll and Taxes	78,550	35,921	—	114,471	9,819	27,938	—	37,757	9,819	15,965	—	25,784	178,012
Legal and Professional	19,250	18,350	—	37,600	5,500	18,350	—	23,850	2,750	9,175	—	11,925	73,375
Telephone	878	714	—	1,592	251	714	—	965	126	357	—	483	3,040
Postage and Office Supplies	734	2,062	—	2,796	210	1,031	—	1,241	105	2,062	—	2,167	6,204
Advertising	10,336	—	—	10,336	—	869	—	869	6,891	1,304	—	8,195	19,400
Rent	535	2,500	—	3,035	153	4,998	—	5,151	76	4,998	—	5,074	13,260
Meeting Expense	1,535	—	—	1,535	—	—	—	—	—	—	—	—	1,535
Insurance	624	416	—	1,040	416	333	—	749	—	83	—	83	1,872
Newsletter	—	3,250	—	3,250	—	—	—	—	—	813	—	813	4,063
Internet	236	2,676	—	2,912	—	166	—	166	12	166	—	178	3,256
Miscellaneous	12	17	—	29	4	—	—	4	2	—	—	2	35
	$ 885,910	$ 107,396	$ (200,000)	$ 793,306	$ 16,353	$ 54,399	$ —	$ 70,752	$ 19,781	$ 34,923	$ —	$ 54,704	$ 918,762