

THE CANCER RESEARCH FOUNDATION AND AFFILIATE

COMBINED FINANCIAL STATEMENTS

MARCH 31, 2021

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT..... 3-4

COMBINED FINANCIAL STATEMENTS

Statements of Financial Position 5

Statements of Activities..... 6

Statements of Functional Expenses..... 7

Statements of Cash Flows 8

Notes to Financial Statements..... 9-21

COMBINING SUPPLEMENTARY INFORMATION

Schedule of Financial Position 23

Schedule of Activities..... 24

Schedule of Functional Expenses..... 25



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 statements of financial position as of March 31, 2021 and 2020, and the related combined statements of activities, functional expenses and cash flows for the years then 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 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 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, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our 2021 audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information listed in the accompanying 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.

Wanady & Davis LLP

October 21, 2021

THE CANCER RESEARCH FOUNDATION AND AFFILIATE
COMBINED STATEMENTS OF FINANCIAL POSITION

As of March 31	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 183,861	\$ 113,330
Investments	10,367,714	8,086,435
Accrued Interest Receivable	22,377	22,967
Prepaid Expenses	1,050	—
Accrued Excise Taxes Receivable	11,495	—
Total Current Assets	<u>10,586,497</u>	<u>8,222,732</u>
INVESTMENTS HELD IN PERPETUITY	710,265	710,265
OTHER ASSETS		
Security Deposit	1,900	1,900
TOTAL ASSETS	\$ 11,298,662	\$ 8,934,897
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Grants Payable	\$ 610,000	\$ 515,000
Accounts Payable and Accrued Expenses	8,248	22,544
Accrued Excise Taxes Payable'	—	16,000
Total Current Liabilities	<u>618,248</u>	<u>553,544</u>
NET ASSETS		
Net Assets Without Donor Restriction	8,086,846	6,381,763
Net Assets With Donor Restriction	<u>2,593,568</u>	<u>1,999,590</u>
Total Net Assets	<u>10,680,414</u>	<u>8,381,353</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 11,298,662	\$ 8,934,897

THE CANCER RESEARCH FOUNDATION AND AFFILIATE

COMBINED STATEMENTS OF ACTIVITIES

For the Years Ended March 31	2021			2020		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
SUPPORT REVENUES						
Contributions	\$ 345,054	\$ —	\$ 345,054	\$ 157,485	\$ —	\$ 157,485
Bequests	30,433	—	30,433	199,278	—	199,278
Donated Services	38,806	—	38,806	—	—	—
Total Support Revenues	<u>414,293</u>	<u>—</u>	<u>414,293</u>	<u>356,763</u>	<u>—</u>	<u>356,763</u>
OTHER REVENUES						
Interest and Dividends, net	180,996	53,210	234,206	173,201	51,129	224,330
Net Realized and Unrealized Gain (Loss) on Investments	2,330,715	690,768	3,021,483	(575,871)	(210,404)	(786,275)
Investment Income (Loss), net	<u>2,511,711</u>	<u>743,978</u>	<u>3,255,689</u>	<u>(402,670)</u>	<u>(159,275)</u>	<u>(561,945)</u>
Forfeited Grants	22,196	—	22,196	42,090	—	42,090
Total Revenues, net	<u>2,948,200</u>	<u>743,978</u>	<u>3,692,178</u>	<u>(3,817)</u>	<u>(159,275)</u>	<u>(163,092)</u>
FUNCTIONAL EXPENSES						
Program Services	1,084,753	150,000	1,234,753	835,396	—	835,396
Supporting Services						
Management and General	104,372	—	104,372	70,752	—	70,752
Fundraising	65,487	—	65,487	54,704	—	54,704
Total Functional Expenses	<u>1,254,612</u>	<u>150,000</u>	<u>1,404,612</u>	<u>960,852</u>	<u>—</u>	<u>960,852</u>
Excise Taxes (Benefit)	(11,495)	—	(11,495)	21,756	—	21,756
Total Expenses	<u>1,243,117</u>	<u>150,000</u>	<u>1,393,117</u>	<u>982,608</u>	<u>—</u>	<u>982,608</u>
CHANGE IN NET ASSETS	1,705,083	593,978	2,299,061	(986,425)	(159,275)	(1,145,700)
Net Assets, Beginning	6,381,763	1,999,590	8,381,353	7,368,188	2,158,865	9,527,053
NET ASSETS, ENDING	<u>\$ 8,086,846</u>	<u>\$ 2,593,568</u>	<u>\$ 10,680,414</u>	<u>\$ 6,381,763</u>	<u>\$ 1,999,590</u>	<u>\$ 8,381,353</u>

See accompanying notes.

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended March 31

2021

2020

	Program Services	Supporting Services			Program Services	Supporting Services		
		Management and General	Fundraising	Total		Management and General	Fundraising	Total
Grants	\$ 955,000	\$ —	\$ —	\$ 955,000	\$ 656,800	\$ —	\$ —	\$ 656,800
Payroll and Taxes	200,191	75,954	34,448	310,593	114,471	37,757	25,784	178,012
Legal and Professional	46,798	16,162	8,080	71,040	37,600	23,850	11,925	73,375
Telephone	1,388	866	432	2,686	1,592	965	483	3,040
Postage and Office Supplies	8,873	4,212	7,975	21,060	2,796	1,241	2,167	6,204
Advertising	11,724	238	7,577	19,539	10,336	869	8,195	19,400
Rent	3,041	5,146	5,068	13,255	3,035	5,151	5,074	13,260
Meeting Expense	—	—	—	—	1,535	—	—	1,535
Insurance	1,262	927	128	2,317	1,040	749	83	1,872
Newsletter	3,591	—	898	4,489	3,250	—	813	4,063
Internet	2,862	867	881	4,610	2,912	166	178	3,256
Miscellaneous	23	—	—	23	29	4	2	35
	\$1,234,753	\$ 104,372	\$ 65,487	\$1,404,612	\$ 835,396	\$ 70,752	\$ 54,704	\$ 960,852

See accompanying notes.

THE CANCER RESEARCH FOUNDATION AND AFFILIATE
COMBINED STATEMENTS OF CASH FLOWS

For the Years Ended March 31	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,299,061	\$ (1,145,700)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used by Operating Activities		
Net Realized and Unrealized (Gain) Loss on Investments	(3,021,483)	786,275
Changes in Assets and Liabilities:		
Accrued Interest Receivable	590	6,945
Prepaid Expenses	(1,050)	—
Accrued Excise Taxes Receivable	(11,495)	—
Grants Payable	95,000	165,000
Accounts Payable and Accrued Expenses	(14,296)	15,567
Accrued Excise Taxes	(16,000)	10,261
Total Adjustments	(2,968,734)	984,048
Net Cash Used by Operating Activities	(669,673)	(161,652)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(1,093,758)	(2,447,931)
Proceeds from Sales of Investments	1,833,962	2,516,656
Net Cash Provided by Investing Activities	740,204	68,725
NET INCREASE (DECREASE) IN CASH	70,531	(92,927)
Cash, Beginning	113,330	206,257
CASH, ENDING	\$ 183,861	\$ 113,330

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, 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 501(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:

NOTES TO COMBINED FINANCIAL STATEMENTS

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, 2021 and 2020, 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 are 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.

NOTES TO COMBINED FINANCIAL STATEMENTS

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 \$30,433 and \$199,278 for the years ended March 31, 2021 and 2020, respectively.

DONATED SERVICES

Donated services received are recognized as revenues at their estimated fair value when they create or enhance nonfinancial assets, or they require specialized skills which would need to be purchased if they were not donated. The Foundation received \$38,806 of donated professional services during the year ended March 31, 2021 and \$-0- for the year ended March 31, 2020, which are included in contributions on the statements of activities and functional expenses, and are separately disclosed as functional expenses.

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, provided the recipient continues their research at a comprehensive research center. Upon departure from the research center, the recipient forfeits the remainder of the grant 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.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENTS (Continued)

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 \$82,286 and \$81,046, respectively, for the years ended March 31, 2021 and 2020. 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.

PROPERTY AND EQUIPMENT

Property and equipment are 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, 2021 and 2020.

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, 2021 and 2020 amounted to \$65,487 and \$54,704, 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 37% and 18% of total public support for the years ended March 31, 2021 and 2020, respectively.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CONCENTRATIONS OF RISK (CONTINUED)

The Foundation received bequests which comprised 8% and 56% of total public support contributions for the years ended March 31, 2021 and 2020, respectively. During the year ended March 31, 2020, two bequests received from one donor accounted for 55% of total public support.

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, 2021 and 2020, 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. After the close of fiscal year 2021, it was determined that under a secondary test, the Foundation still qualified as a public charity. Amended returns were filed and accepted by the IRS. The Foundation received notification from the IRS that it will receive a full refund of taxes paid during the previous two years, plus interest, totaling \$27,787. This amount has been accrued as of and for the year ended March 31, 2021.

ADVERTISING COSTS

Advertising costs are expensed as incurred. Advertising expenses for the years ended March 31, 2021 and 2020 totaled 19,539 and \$19,400 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

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.

NOTES TO COMBINED FINANCIAL STATEMENTS

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. As a result of the coronavirus (COVID-19) pandemic, the FASB extended the effective date of this ASU by one year. The new guidance will be effective for the Foundation's year ending March 31, 2022. This ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. 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 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. As a result of the COVID-19 pandemic, the FASB extended the effective date of this ASU by one year. The new 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. Management has determined that overall, 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.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 2—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, 2021 and 2020:

	2021	2020
Cash.....	\$ 183,861	\$ 113,330
Investments.....	11,077,979	8,796,700
Accrued Interest Receivable.....	22,377	22,967
Less: Net Assets with Donor Restriction	(2,593,568)	(1,999,590)
	\$ 8,690,649	\$ 6,933,407

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. The Foundation awarded three Fletcher Awards during the year ended March 31, 2021 each receiving an initial payment of \$50,000. As indicated in the above table, the Foundation has sufficient liquid assets to meet at least one year of expenses.

NOTE 3—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, 2021 consisted of:

	General Fund	Endowment Fund	Total
Cash.....	\$ 9,016	\$ 2,621	\$ 11,637
Bank Deposit Program	298,996	112,317	411,313
Common Stocks.....	5,398,214	1,641,049	7,039,263
Corporate Bonds	670,720	299,294	970,014
Preferred Stocks.....	2,113,543	532,209	2,645,752
Total Investments.....	\$ 8,490,489	\$ 2,587,490	\$ 11,077,979

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 3—INVESTMENTS (Continued)

Investments as of March 31, 2020 consisted of:

	<u>General Fund</u>	<u>Endowment Fund</u>	<u>Total</u>
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.....	<u>1,741,086</u>	<u>417,088</u>	<u>2,158,174</u>
 Total Investments.....	 <u>\$ 6,803,276</u>	 <u>\$ 1,993,424</u>	 <u>\$ 8,796,700</u>

NOTE 4—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.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 4—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, 2021 and 2020. 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, 2021 is as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Bank Deposit Program	\$ 411,313	\$ 411,313	\$ —	\$ —
Common Stocks.....	7,039,263	7,039,263	—	—
Corporate Bonds	970,014	—	970,014	—
Preferred Stocks.....	<u>2,645,752</u>	<u>—</u>	<u>2,645,752</u>	<u>—</u>
Total Investments, at Fair Value	11,066,342	<u>\$ 7,450,576</u>	<u>\$ 3,615,766</u>	<u>\$ —</u>
Cash.....	<u>11,637</u>			
Total Investments.....	<u>\$ 11,077,979</u>			

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 4—FAIR VALUE MEASUREMENTS (Continued)

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.....	<u>2,158,174</u>	<u>—</u>	<u>2,158,174</u>	<u>—</u>
Total Investments, at Fair Value	8,814,666	<u>\$ 5,502,690</u>	<u>\$ 3,311,976</u>	<u>\$ —</u>
Cash.....	1,832			
Cash Due to Broker	<u>(19,798)</u>			
Total Investments.....	<u>\$ 8,796,700</u>			

NOTE 5—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 years ended March 31, 2021 and 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.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 5—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 6—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, 2021 and 2020.

<u>Name</u>	<u>2021</u>	<u>2020</u>
Grants authorized to the University of Chicago were directed to the following researchers:		
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
Dr. Lev Becker	100,000	—
Dr. Huanhuan Joyce Chen	100,000	—
Dr. Xavier M. Keutgen	100,000	—
Dr. Olatoyosi Odenike	100,000	—
Dr. Samantha J. Riesnefeld	100,000	—
Dr. Peter A Savage	100,000	—
Total	<u>600,000</u>	<u>500,000</u>

Grants authorized to Northwestern University were directed to the following researcher:

Dr. Peiwen Chen	<u>100,000</u>	<u>—</u>
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NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 6—GRANTS AUTHORIZED AND PAYABLE (Continued)

<u>Name</u>	<u>2021</u>	<u>2020</u>
Grants authorized to the Washington University in St. Louis were directed to the following researchers:		
Dr. Sid Puram	\$ —	\$ 100,000
Dr. Amber Stratman	—	100,000
Dr. Abby Green	100,000	—
Dr. Allegra A. Petti	100,000	—
Total	<u>200,000</u>	<u>200,000</u>
International Grants authorized for a Special Project with the University of Chicago Pediatric Cancer Data Commons were directed to the following researchers and the organization:		
Dr. Nathalie Gaspar (France)	\$ —	\$ 7,500
Dr. Brice Fresnau (France)	—	7,500
Dr. Samuel Vochenboun, MD, PhD	10,000	10,000
Dr. Hans Merks (Italy)	—	5,000
Dr. Monica Terenziani (Italy)	15,000	—
Dr. Sandra Strauss (England)	20,000	—
Pediatric Cancer Data Commons	10,000	—
Total	<u>55,000</u>	<u>30,000</u>
Total Grants Authorized	<u>955,000</u>	<u>730,000</u>
Less:		
Grants Authorized Not Issued	—	(75,000)
Grants Paid	<u>(860,000)</u>	<u>(490,000)</u>
	<u>(860,000)</u>	<u>(565,000)</u>
Net Change	95,000	165,000
Grants Payable, Beginning	<u>515,000</u>	<u>350,000</u>
Grants Payable, Ending	<u>\$ 610,000</u>	<u>\$ 515,000</u>

During the years ended March 31, 2021 and 2020, the Foundation received refunds of \$22,196 and \$42,090, respectively, related to grant award amounts issued in prior years not spent because of the COVID-19 pandemic, or the researchers discontinued the specific projects.

NOTE 7—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, 2021 and 2020, totaled \$13,255 and \$13,260, respectively.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 7—OPERATING LEASE (Continued)

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

March 31, 2022		\$ 12,775
March 31, 2023		<u>5,375</u>
 Total		 <u>\$ 18,150</u>

NOTE 8—RELATED PARTY TRANSACTIONS

During the years ended March 31, 2021 and 2020, the Foundation’s Board of Directors and board member related family foundations donated \$42,750 and \$29,655, 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 9—RECLASSIFICATIONS

Certain items in the financial statements for 2020 have been reclassified to conform to the current year presentation. Such reclassification had no effect on the changes in net assets.

NOTE 10—SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through October 21, 2021, the date that the financial statements were available for issuance. The COVID-19 pandemic in the United States continues to impact the Foundation’s fundraising efforts. 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 for the duration of the pandemic, however the related financial impact cannot be reasonably estimated at this time.

Effective June 1, 2021, the Chapter entered into an agreement to integrate with the Women’s Board, a charitable organization as defined by Internal Revenue Code 501(c)(3) associated with the University of Chicago Cancer Research Foundation, through which it will receive a \$467,000 conditional grant in two installments, \$267,000 to originally be paid by June 1, 2021 (pending approval of the University of Chicago finance office) and \$200,000 to be paid by January 30, 2022, contingent upon the integrated organization raising \$375,000 gross from May 11, 2021 through December 31, 2021.

SUPPLEMENTARY INFORMATION

COMBINING SCHEDULE OF FINANCIAL POSITION

As of March 31, 2021

	Without Donor Restriction				With Donor Restriction				Combined Total 2021
	Cancer Research Foundation	Cancer Research Foundation - Chicago Chapter	Eliminations	Total	Cancer Research Foundation	Cancer Research Foundation - Chicago Chapter	Eliminations	Total	
ASSETS									
CURRENT ASSETS									
Cash	\$ 157,692	\$ 26,169	\$ —	\$ 183,861	\$ —	\$ —	\$ —	\$ —	\$ 183,861
Investments	8,490,489	—	—	8,490,489	1,877,225	—	—	1,877,225	10,367,714
Accrued Interest Receivable	16,299	—	—	16,299	6,078	—	—	6,078	22,377
Prepaid Expenses	—	1,050	—	1,050	—	—	—	—	1,050
Accrued Excise Taxes Receivable	11,495	—	—	11,495	—	—	—	—	11,495
Due from Affiliate	—	42,501	(42,501)	—	—	—	—	—	—
Total Current Assets	8,675,975	69,720	(42,501)	8,703,194	1,883,303	—	—	1,883,303	10,586,497
INVESTMENTS HELD IN PERPETUITY	—	—	—	—	710,265	—	—	710,265	710,265
OTHER ASSETS									
Security Deposit	1,900	—	—	1,900	—	—	—	—	1,900
TOTAL ASSETS	\$ 8,677,875	\$ 69,720	\$ (42,501)	\$ 8,705,094	\$ 2,593,568	\$ —	\$ —	\$ 2,593,568	\$ 11,298,662
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES									
Grants Payable	\$ 560,000	\$ 50,000	\$ —	\$ 610,000	\$ —	\$ —	\$ —	\$ —	610,000
Accounts Payable and Accrued Expenses	3,732	4,516	—	8,248	—	—	—	—	8,248
Accrued Excise Taxes Payable	—	—	—	—	—	—	—	—	—
Due from Affiliate	42,501	—	(42,501)	—	—	—	—	—	—
Total Current Liabilities	606,233	54,516	(42,501)	618,248	—	—	—	—	618,248
NET ASSETS	8,071,642	15,204	—	8,086,846	2,593,568	—	—	2,593,568	10,680,414
TOTAL LIABILITIES AND NET ASSETS	\$ 8,677,875	\$ 69,720	\$ (42,501)	\$ 8,705,094	\$ 2,593,568	\$ —	\$ —	\$ 2,593,568	\$ 11,298,662

COMBINING SCHEDULE OF ACTIVITIES

For the Year Ended March 31, 2021

	Without Donor Restriction				With Donor Restriction				Combined Total 2021
	Cancer Research Foundation	Cancer Research Foundation - Chicago Chapter	Eliminations	Total	Cancer Research Foundation	Cancer Research Foundation - Chicago Chapter	Eliminations	Total	
SUPPORT REVENUES									
Contributions	\$ 215,256	\$ 129,798	\$ —	\$ 345,054	\$ —	\$ —	\$ —	\$ —	\$ 345,054
Grants	—	145,000	(145,000)	—	—	—	—	—	—
Bequests	30,433	—	—	30,433	—	—	—	—	30,433
Donated Services	38,806	—	—	38,806	—	—	—	—	38,806
Total Support Revenues	<u>284,495</u>	<u>274,798</u>	<u>(145,000)</u>	<u>414,293</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>414,293</u>
OTHER REVENUES									
Interest and Dividends, net	180,996	—	—	180,996	53,210	—	—	53,210	234,206
Net Realized and Unrealized Gain (Loss) on Investments	<u>2,330,715</u>	<u>—</u>	<u>—</u>	<u>2,330,715</u>	<u>690,768</u>	<u>—</u>	<u>—</u>	<u>690,768</u>	<u>3,021,483</u>
Investment Income (Loss), net	<u>2,511,711</u>	<u>—</u>	<u>—</u>	<u>2,511,711</u>	<u>743,978</u>	<u>—</u>	<u>—</u>	<u>743,978</u>	<u>3,255,689</u>
Forfeited Grants	<u>22,196</u>	<u>—</u>	<u>—</u>	<u>22,196</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>22,196</u>
Total Revenues, net	<u>2,818,402</u>	<u>274,798</u>	<u>(145,000)</u>	<u>2,948,200</u>	<u>743,978</u>	<u>—</u>	<u>—</u>	<u>743,978</u>	<u>3,692,178</u>
FUNCTIONAL EXPENSES									
Program Services	1,010,453	219,300	(145,000)	1,084,753	150,000	—	—	150,000	1,234,753
Supporting Services									
Management and General	47,783	56,589	—	104,372	—	—	—	—	104,372
Fundraising	<u>48,260</u>	<u>17,227</u>	<u>—</u>	<u>65,487</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>65,487</u>
Total Functional Expenses	<u>1,106,496</u>	<u>293,116</u>	<u>(145,000)</u>	<u>1,254,612</u>	<u>150,000</u>	<u>—</u>	<u>—</u>	<u>150,000</u>	<u>1,404,612</u>
Excise Taxes (Benefit)	<u>(11,495)</u>	<u>—</u>	<u>—</u>	<u>(11,495)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(11,495)</u>
Total Expenses	<u>1,095,001</u>	<u>293,116</u>	<u>(145,000)</u>	<u>1,243,117</u>	<u>150,000</u>	<u>—</u>	<u>—</u>	<u>150,000</u>	<u>1,393,117</u>
CHANGE IN NET ASSETS	1,723,401	(18,318)	—	1,705,083	593,978	—	—	593,978	2,299,061
Net Assets, Beginning	<u>6,348,241</u>	<u>33,522</u>	<u>—</u>	<u>6,381,763</u>	<u>1,999,590</u>	<u>—</u>	<u>—</u>	<u>1,999,590</u>	<u>8,381,353</u>
NET ASSETS, ENDING	<u>\$ 8,071,642</u>	<u>\$ 15,204</u>	<u>\$ —</u>	<u>\$ 8,086,846</u>	<u>\$ 2,593,568</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,593,568</u>	<u>\$ 10,680,414</u>

COMBINING SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended March 31, 2021

	Program Services				Management and General				Fundraising				Combined Total 2021
	Cancer Research Foundation	Cancer Research - Chicago Chapter	Eliminations	Total	Cancer Research Foundation	Cancer Research - Chicago Chapter	Eliminations	Total	Cancer Research Foundation	Cancer Research - Chicago Chapter	Eliminations	Total	
Grants	\$ 1,000,000	\$ 100,000	\$ (145,000)	\$ 955,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 955,000
Payroll and Taxes	103,344	96,847	—	200,191	34,448	41,506	—	75,954	34,448	—	—	34,448	310,593
Legal and Professional	42,891	3,907	—	46,798	12,255	3,907	—	16,162	6,127	1,953	—	8,080	71,040
Telephone	731	657	—	1,388	209	657	—	866	104	328	—	432	2,686
Postage and Office Supplies	1,048	7,825	—	8,873	299	3,913	—	4,212	150	7,825	—	7,975	21,060
Advertising	11,008	716	—	11,724	—	238	—	238	7,339	238	—	7,577	19,539
Rent	546	2,495	—	3,041	156	4,990	—	5,146	78	4,990	—	5,068	13,255
Insurance	624	638	—	1,262	416	511	—	927	—	128	—	128	2,317
Newsletter	—	3,591	—	3,591	—	—	—	—	—	898	—	898	4,489
Internet	261	2,601	—	2,862	—	867	—	867	14	867	—	881	4,610
Miscellaneous	—	23	—	23	—	—	—	—	—	—	—	—	23
	\$ 1,160,453	\$ 219,300	\$ (145,000)	\$ 1,234,753	\$ 47,783	\$ 56,589	\$ —	\$ 104,372	\$ 48,260	\$ 17,227	\$ —	\$ 65,487	\$ 1,404,612