FRIENDS OF CANCER RESEARCH

AUDITED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017
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INDEPENDENT AUDITORS’ REPORT

To the Board of Directors of
Friends of Cancer Research
Washington, DC

Report on the Financial Statements
We have audited the accompanying financial statements of Friends of Cancer Research (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility
Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Cancer Research as of December 31, 2017 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Lydon Fetterolf Corydon, P.A.

Rockville, Maryland
October 31, 2018
FRIENDS OF CANCER RESEARCH
STATEMENT OF FINANCIAL POSITION
December 31, 2017

ASSETS

CURRENT ASSETS

Cash and cash equivalents - NOTES A, B and F $ 1,237,780
Accounts receivable - NOTE A 75,000
Accrued interest receivable 198
Prepaid expenses 89,766

TOTAL CURRENT ASSETS 1,402,744

PROPERTY AND EQUIPMENT - NOTES A and D

Furniture and fixtures 320,747
Computers and equipment 43,883
Website 161,059
Leasehold Improvements 120,446

Less: accumulated depreciation (428,931)

TOTAL PROPERTY AND EQUIPMENT 217,204

INVESTMENTS AND OTHER ASSETS

Investments - long-term - NOTES A, C, F and G 3,883,373
Restricted cash and cash equivalents- NOTES A, B, E and F 200,000
Deposits - NOTE F 56,431

TOTAL INVESTMENTS AND OTHER ASSETS 4,139,804

TOTAL ASSETS $ 5,759,752

See Notes to Financial Statements
(2)
FRIENDS OF CANCER RESEARCH
STATEMENT OF FINANCIAL POSITION
December 31, 2017

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses $ 126,440
Deferred rent incentive - current portion - NOTE F 21,057

TOTAL CURRENT LIABILITIES 147,497

LONG-TERM LIABILITIES

Deferred rent incentive - long term - NOTE F 346,033

TOTAL LONG-TERM LIABILITIES 346,033

TOTAL LIABILITIES 493,530

COMMITMENTS AND CONTINGENCIES - NOTES F, G, H, I and K

NET ASSETS - NOTES A, E and J

Unrestricted net assets:
Designated by the board - NOTE A 0
Undesignated (As Restated) - NOTES E and J 5,066,222

TOTAL UNRESTRICTED NET ASSETS 5,066,222

Temporarily restricted net assets - NOTES B and E 200,000

TOTAL TEMPORARILY RESTRICTED NET ASSETS 200,000

TOTAL NET ASSETS 5,266,222

TOTAL LIABILITIES AND NET ASSETS $ 5,759,752

See Notes to Financial Statements
(3)
FRIENDS OF CANCER RESEARCH
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

<table>
<thead>
<tr>
<th>REVENUES - NOTE A</th>
<th>December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unrestricted</td>
</tr>
<tr>
<td>Corporate contributions - NOTE E</td>
<td>$1,627,899</td>
</tr>
<tr>
<td>Event donations - NOTE E</td>
<td>966,975</td>
</tr>
<tr>
<td>Institutional contributions</td>
<td>280,715</td>
</tr>
<tr>
<td>Individual contributions</td>
<td>39,697</td>
</tr>
<tr>
<td>Contributed services - NOTE A and H</td>
<td>0</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>598</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>450,000</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td><strong>3,365,884</strong></td>
</tr>
</tbody>
</table>

EXPENSES - NOTE A
PROGRAM EXPENSES

| Science policy | 1,370,454     | 0 | 1,370,454 | 44.0 |
| Communication  | 244,095       | 0 | 244,095   | 7.8  |
| Meetings and professional development | 174,705   | 0 | 174,705   | 5.6  |
| Patient advocacy training | 103,711   | 0 | 103,711   | 3.3  |
| **TOTAL PROGRAM EXPENSES** | **1,892,965** | **0** | **1,892,965** | **60.7** |

SUPPORTING SERVICES

| Operations and administration | 718,958     | 0 | 718,958 | 23.1 |
| Development and fundraising   | 515,952     | 0 | 515,952 | 16.6 |
| **TOTAL SUPPORTING SERVICES** | **1,234,910** | **0** | **1,234,910** | **39.7** |

**TOTAL EXPENSES**

| 3,127,875 | 0 | 3,127,875 | 100.4 |

INCREASE (DECREASE) IN NET ASSETS BEFORE INVESTMENT INCOME

| Dividend and interest income - NOTE C | 88,330 | 0 | 88,330 | 2.8 |
| Net realized/unrealized gain on investments - NOTE C | 405,856 | 0 | 405,856 | 13.0 |
| **Total Investment Income** | **494,186** | **0** | **494,186** | **15.8** |

INCREASE (DECREASE) IN NET ASSETS

| 732,195 | (250,000) | 482,195 | 15.4 |

NET ASSETS AT BEGINNING
OF YEAR (RESTATED) - NOTE J

| 4,334,027 | 450,000 | 4,784,027 |

NET ASSETS AT END OF YEAR - NOTE E

| $5,066,222 | $200,000 | $5,266,222 |

See Notes to Financial Statements (4)
CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets

\[ \$ 482,195 \]

Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:
- Cash transferred from restricted cash - NOTE B
  \[ 250,000 \]
- Depreciation expense - NOTE D
  \[ 86,210 \]
- Net realized and unrealized gain on investments - NOTE C
  \[ (405,856) \]

(Increase) decrease in operating assets
- Accounts receivable
  \[ 140,000 \]
- Accrued interest receivable
  \[ (144) \]
- Prepaid expenses
  \[ (17,638) \]

Increase (decrease) in operating liabilities
- Accounts payable and accrued expenses
  \[ 25,070 \]
- Deferred rent incentive
  \[ 100,403 \]

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

\[ 660,240 \]

CASH FLOW FROM INVESTING ACTIVITIES

Purchases of property and equipment
\[ (84,621) \]
Proceeds from sales of investments
\[ 558,261 \]
(Purchases) of investments
\[ (855,147) \]

NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES

\[ (381,507) \]

CASH FLOW FROM FINANCING ACTIVITIES - NONE

\[ 0 \]

NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES

\[ 0 \]

NET INCREASE IN CASH AND CASH EQUIVALENTS

\[ 278,733 \]

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR

\[ 959,047 \]

CASH AND CASH EQUIVALENTS - END OF YEAR - NOTES A and B

\[ \$ 1,237,780 \]

See Notes to Financial Statements

(5)
NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Friends of Cancer Research (the “Organization”) is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles in the United States of America, and have been consistently applied in the preparation of the financial statements.

Purpose of the Organization:

Friends of Cancer Research (the “Organization”) was incorporated in the District of Columbia in 1996 as a not-for-profit organization. The mission of the Organization is to drive collaboration among partners from every healthcare sector to power advances in science, policy, and regulation that speed life-saving treatments to patients. The mission is achieved through the sponsorship of publicity events and the development and dissemination of promotional literature.

The Organization’s significant accounting policies are as follows:

Basis of Accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

Basis of Presentation:

Financial statement presentation follows the recommendations of the FASB ASC 958-205-55, Not-for-Profit Entities—Presentation of Financial Statements—Implementation Guidance and Illustrations. Under FASB ASC 958-205-55, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Investments:

The Organization has adopted Accounting Standards Codification (ASC) 958 Not-for-Profit Entities (formerly Statement of Financial Accounting Standards (SFAS) No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations). Under FASB ASC 958-320, investments in marketable equity securities with readily determinable fair values and all investments in marketable debt securities are valued at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the change in net assets.
NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status:

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Income from nonexempt functions is subject to unrelated business income taxes to the extent that the revenue exceeds related costs. The Organization incurred $0 of unrelated business income taxes for the year ended December 31, 2017. In addition, the Organization qualifies for the charitable contribution deduction under Section 170 and has been classified as an organization other than a private foundation under Section 509(c)(2).

The Organization follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

Management evaluated the Organization’s tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Currently, the tax years open and subject to examination by the Internal Revenue Service are 2014, 2015 and 2016 tax years.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash reserved for a particular purpose or time restriction is classified as restricted cash on the statement of financial position (See NOTE B).

Unrestricted and Temporarily Restricted Revenue and Support:

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year the notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions.

Property, Equipment and Depreciation:

The Organization capitalizes all expenditures for property and equipment in excess of $1,000. Purchased property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the assets.
NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates:

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

Functional Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Employees’ salaries and fringe benefits are allocated to programs and supporting services based on time incurred. Management and general expenses include those expenses that are not directly identifiable with any other specific function but that provide for the overall support of the Organization.

Accounts Receivable:

Contributions receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management closely monitors outstanding balances throughout the year, and writes off any balances it deems will not be collected. If amounts become uncollectible, they will be charged against net assets when that determination is made. Management believes all contributions receivable as of December 31, 2017 will be collected therefore has not established an allowance for doubtful accounts.

Donated Services:

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year ended December 31, 2017, the value of contributed services meeting the requirements for recognition in the financial statements was zero—see NOTE H – Related Party Transactions.

Revenue Recognition and Deferred Revenue:

Revenues are recognized during the period to which they relate. Therefore, revenues collected in advance are reflected as deferred revenue on the statements of financial position.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE B - CASH AND CASH EQUIVALENTS

Cash and cash equivalents (unrestricted and restricted) at December 31, 2017, consist of the following:

**Unrestricted**

- Demand deposits $910,357
- Undeposited funds on hand 50,000
- Money market funds 277,423

**Total unrestricted cash and cash equivalents** $1,237,780

**Restricted**

- Temporarily restricted - demand deposits $200,000

**Total restricted cash and cash equivalents** $200,000

NOTE C – INVESTMENTS

The Organization invests in certificates of deposit, and mutual funds (equity and debt). Such investments are exposed to various risks, such as market and credit. Due to the level of risk associated with such investments and level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

Investments at December 31, 2017 consisted of the following:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Cost</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mutual funds – equities</td>
<td>$1,876,723</td>
<td>$2,401,515</td>
</tr>
<tr>
<td>Mutual funds – bond funds</td>
<td>533,573</td>
<td>543,033</td>
</tr>
<tr>
<td>Other investments – fixed income</td>
<td>952,846</td>
<td>938,825</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td>$3,363,142</td>
<td>$3,883,373</td>
</tr>
</tbody>
</table>

Investment income and change in market value for the year ended December 31, 2017 is comprised of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividend income</td>
<td>$88,330</td>
</tr>
<tr>
<td>Net realized and unrealized gain on investments</td>
<td>405,856</td>
</tr>
<tr>
<td><strong>Total investment income</strong></td>
<td>$494,186</td>
</tr>
</tbody>
</table>

(9)
NOTE D – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2017, consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Depreciation Expense</th>
<th>Accumulated Depreciation</th>
<th>Net Book Value</th>
<th>Estimated Useful Life (Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and fixtures</td>
<td>$320,747</td>
<td>$29,506</td>
<td>$220,587</td>
<td>$100,160</td>
<td>5</td>
</tr>
<tr>
<td>Computers and equipment</td>
<td>43,883</td>
<td>2,177</td>
<td>39,578</td>
<td>4,305</td>
<td>5</td>
</tr>
<tr>
<td>Website</td>
<td>161,059</td>
<td>49,121</td>
<td>72,655</td>
<td>88,404</td>
<td>3</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>120,446</td>
<td>5,406</td>
<td>96,111</td>
<td>24,335</td>
<td>3-6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$646,135</td>
<td>$86,210</td>
<td>$428,931</td>
<td>$217,204</td>
<td></td>
</tr>
</tbody>
</table>

NOTE E – NET ASSETS

The Organization has elected to adopt Accounting Standards Codification (ASC) 958 Not-for-Profit Entities (formerly Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations). Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Permanently restricted net assets contain donor-imposed restrictions that require that contributed funds be maintained by the Organization in perpetuity. The Organization has no permanently restricted net assets as of December 31, 2017. Temporarily restricted net assets contain donor-imposed use limits on contributed funds that relate to specific periods of time or specified purposes. The Organization has $200,000 of temporarily restricted net assets as of December 31, 2017. Unrestricted net assets are funds received that do not include any restriction as to the use by the donor. The Organization’s Board may subsequently designate unrestricted net assets for a specified purpose.
NOTE E – NET ASSETS (Continued)

Net assets at December 31, 2017 consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at December 31, 2016,</td>
<td></td>
<td></td>
<td></td>
<td>$4,634,027</td>
</tr>
<tr>
<td>(As previously reported)</td>
<td>$4,184,027</td>
<td>$450,000</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Prior period adjustment (NOTE J)</td>
<td>150,000</td>
<td>0</td>
<td>0</td>
<td>150,000</td>
</tr>
<tr>
<td>Balance at December 31, 2016,</td>
<td></td>
<td></td>
<td></td>
<td>4,784,027</td>
</tr>
<tr>
<td>(As restated)</td>
<td>4,334,027</td>
<td>450,000</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>2017 Increase (decrease) in net</td>
<td></td>
<td>(250,000)</td>
<td>0</td>
<td>482,195</td>
</tr>
<tr>
<td>assets</td>
<td>732,195</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at December 31, 2017</td>
<td>$5,066,222</td>
<td>$200,000</td>
<td>$0</td>
<td>$5,266,222</td>
</tr>
</tbody>
</table>

Temporarily restricted net assets are available for the following purposes at December 31, 2017:

<table>
<thead>
<tr>
<th>Temporary restricted net assets</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted for:</td>
<td></td>
</tr>
<tr>
<td>Research programs</td>
<td>$170,000</td>
</tr>
<tr>
<td>Events</td>
<td>$30,000</td>
</tr>
<tr>
<td>Total temporarily restricted</td>
<td>$200,000</td>
</tr>
<tr>
<td>net assets</td>
<td></td>
</tr>
</tbody>
</table>

NOTE F – COMMITMENTS AND CONTINGENCIES

Concentrations of Credit Risk:

The Organization maintains its cash, cash equivalents and investments with two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). The FDIC insures up to $250,000 and the SIPC insures up to $500,000 (including up to $250,000 for cash) as of December 31, 2017. At December 31, 2017 the Organization’s uninsured cash and investment balance was $4,548,350.
NOTE F – COMMITMENTS AND CONTINGENCIES (Continued)

Annual Meeting Operations:
As part of its meeting operations, the Organization is obligated on long-term agreements for hotel rooms and meeting space. The Organization is contingently liable for a portion of these costs upon cancellation of the event and/or unsold rooms. As of the date of the audit report, the Organization has held its events scheduled prior to that date according to the reservation dates and has not incurred any related liability.

Retirement Plan:
Effective September 16, 2016, the Organization has a 401(k) retirement plan (the Plan) for the benefit of all employees over the age of 21 within the Organization. Participants may elect to defer a portion of their salary and contribute it to the retirement plan. Additionally, the Organization matches employee’s dollar-for-dollar up to a total of 3% of the employee’s salary and above that matches 50% up to 5% of compensation. All employee deferrals and employer (ADP safe harbor) matching contributions are 100% vested immediately with the participant. Contribution expense related to matching contribution to the Plan was $49,340 for the year ended December 31, 2017. The Organization also can make a discretionary profit-sharing contribution each year. In order to be eligible the participant must generally be employed on the last day of the year, and the participant becomes fully vested in the discretionary profit-sharing contribution after five years. The discretionary profit-sharing contribution was $0 for the year ended December 31, 2017.

Operating Leases – Office Space:
In February 1, 2016, the Organization entered into an office lease agreement for a term of 106 months (8 and 5/6 of a year), which will expire on April 30, 2025. The office space is located in Washington, D.C. During 2016, the Organization provided a security deposit to the landlord in the amount of $56,431. The lease agreement calls for annual “base” rent which is scheduled to increase two and one-half percent (2 1/2%) each year and also calls for annual “additional” rent that includes the Organization’s pro rata share of real estate taxes and other building operating expenses. Both the base and additional rent are to be paid in monthly installments by the first of each month. The terms of the lease included provisions for a construction allowance and rent abatement for the first ten months of base and additional rent payments. The benefit of the construction allowance and the rent abatement will be amortized over the life of the lease. The unamortized portion is reflected on the balance sheet as deferred rent incentive. Base rental expense for the office space under the agreement before deferred rent incentive adjustment was $232,181 and after the deferred rent incentive adjustment of $100,404, rental expense for the year ended December 31, 2017 amounted to $332,585. Total deferred rent incentive consists of the following components at December 31, 2017.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current portion</td>
<td>$ 21,057</td>
</tr>
<tr>
<td>Long-term</td>
<td>346,033</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>367,090</strong></td>
</tr>
</tbody>
</table>

(12)
NOTE F – COMMITMENTS AND CONTINGENCIES (Continued)

The following sets forth the annual rent payments required under the operating lease.

Lease commitment:

<table>
<thead>
<tr>
<th>Year Ending</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2017</td>
<td>$ 351,435</td>
</tr>
<tr>
<td>2018</td>
<td>351,435</td>
</tr>
<tr>
<td>2019</td>
<td>360,232</td>
</tr>
<tr>
<td>2020</td>
<td>369,228</td>
</tr>
<tr>
<td>2021</td>
<td>378,423</td>
</tr>
<tr>
<td>2022 and thereafter</td>
<td>1,330,545</td>
</tr>
</tbody>
</table>

$ 2,789,863

NOTE G – FAIR VALUE OF FINANCIAL INSTRUMENTS

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is 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.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 – These inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – These are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, default rates and other similar data.
FRIENDS OF CANCER RESEARCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE G – FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Level 3 – These are unobservable inputs for the asset or liability and rely on management’s own assumptions about the assumptions that market participants would use in pricing the asset or liability. The unobservable inputs should be developed based on the best information available in the circumstances and may include the Organization’s own data.

The Organization estimates that the fair value of all financial instruments at December 31, 2017 do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

Fair Value Measurements on a Recurring Basis
As of December 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>$ 3,883,373</td>
<td>$ 0</td>
<td>$ 0</td>
<td>$ 3,883,373</td>
</tr>
<tr>
<td>Total</td>
<td>$ 3,883,373</td>
<td>$ 0</td>
<td>$ 0</td>
<td>$ 3,883,373</td>
</tr>
</tbody>
</table>

NOTE H – RELATED PARTY TRANSACTIONS

The chairperson of the Board of Directors of the Organization is a Director and Shareholder of SIGAL Construction Corporation (“SIGAL”). In prior years, SIGAL provided financial, administrative, and office services to the Organization which were not reimbursed by the Organization. The fair value of these services was $0 for 2017.

The Organization reimbursed SIGAL for certain office and other administrative expenses paid for by SIGAL on behalf of the Organization. During 2017, reimbursed office and other administrative expenses totaled $10,000.
NOTE I – RECENT ACCOUNTING PRONOUNCEMENTS

During August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities ("ASU 2016-14"). ASU 2016-14 makes improvements to the information provided in the financial statements and accompanying notes of not-for-profit entities. Entities will present on the face of their financial statements two classes of net assets, rather than the three classes currently required. In addition, entities will be required to present expenses by both their natural classification and functional classification, present investment returns net of external and direct internal investment expenses, and provide enhanced disclosures regarding the entity’s available resources and liquidity, among other changes. ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018, with early application permitted. The amendments should be applied on a retrospective basis in the year of adoption, with certain limited exceptions in the case of comparative financial statements, with disclosure of the nature of any reclassifications or restatements and their effects, if any, on changes in the net asset classes for each period presented. The Organization is currently evaluating the effect that ASU 2016-14 will have on its statement of financial position, statement of activities, and cash flows.

During May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). ASU No. 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. Topic 606 is effective for fiscal years beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. The Organization may elect to apply the guidance earlier, but no earlier than fiscal years beginning after December 15, 2016. The amendments may be applied retrospectively with the cumulative effect recognized as of the date of initial application. The Organization is currently assessing the effect that Topic 606 will have on its results of operations, financial position, and cash flows.

During February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, "Leases (Topic 842)." ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. A lessee should be recognized in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. ASU No. 2016-02 is effective for annual periods beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. The Organization is currently assessing the effect that ASU No. 2016-02 will have on its results of operations, financial position and cash flows.
NOTE J – PRIOR PERIOD ADJUSTMENT – CORRECTION OF AN ERROR

During the year ended December 31, 2017, the Organization recorded a prior period adjustment in accordance with FASB ASC 250-10-50-8, Accounting Changes and Error Corrections. The adjustment was related to $150,000 of contributions that was recorded in 2017, but should have been recorded in prior years. To correct this error, the Organization restated the following financial statement line items as of and for the year ended December 31, 2016.

<table>
<thead>
<tr>
<th>Statement of Financial Position:</th>
<th>As Previously Stated 12/31/16</th>
<th>As Restated 12/31/16</th>
<th>Effect of Correction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Receivable</td>
<td>$ 65,000</td>
<td>$ 215,000</td>
<td>$ 150,000</td>
</tr>
<tr>
<td>Unrestricted Net Assets</td>
<td>4,184,027</td>
<td>4,334,027</td>
<td>150,000</td>
</tr>
</tbody>
</table>

**Statement of Activities**

| Institutional Contributions     | $ 241,414                     | $ 391,414           | $ 150,000           |

NOTE K – SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 31, 2018, the date the audit report was available to be issued.