

**THE CANCER RESEARCH FOUNDATION**

**FINANCIAL STATEMENTS**

**March 31, 2008 and 2007**

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**GOETTSCH, TRANEN, WINTER & RUSSO**

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Trustees  
The Cancer Research Foundation

We have audited the accompanying statements of financial position of **The Cancer Research Foundation** as of March 31, 2008 and 2007, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Cancer Research Foundation as of March 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*Goettsche Tranen Winter & Russo*

Lincolnwood, Illinois  
July 18, 2008

THE CANCER RESEARCH FOUNDATION

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STATEMENTS OF FINANCIAL POSITION

March 31, 2008 and 2007

	2008	2007
<b>A S S E T S</b>		
Cash and Equivalents	\$ 386,941	\$ 323,425
Investments, at Fair Value	8,054,167	7,657,901
Accrued Interest Receivable	23,341	29,652
Prepaid Expenses	329	9,753
Beneficial Interest in Charitable Remainder Trusts and Estates	179,982	280,696
Equipment - Net	1,037	790
<b>TOTAL ASSETS</b>	<u>\$ 8,645,797</u>	<u>\$ 8,302,217</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Unconditional Grants Payable	\$ 310,000	\$ 817,000
Accrued Liabilities		651
<b>Total Liabilities</b>	<u>\$ 310,000</u>	<u>\$ 817,651</u>
<b>NET ASSETS</b>		
Unrestricted Fund Balance	\$ 7,445,550	\$ 6,493,605
Temporarily Restricted Fund Balance	179,982	280,696
Restricted Fund Balance	710,265	710,265
<b>Total Net Assets</b>	<u>\$ 8,335,797</u>	<u>\$ 7,484,566</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 8,645,797</u>	<u>\$ 8,302,217</u>

The accompanying notes are an integral part of these financial statements.

# THE CANCER RESEARCH FOUNDATION

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended March 31, 2008 and 2007

		2008	
	Unrestricted	Temporarily Restricted	Permanently Restricted
<b>Operating Revenues</b>			
Public Support Contributions	\$ 1,396,785	\$	\$
Investment Income	171,567		
Change in Value of Charitable Remainder Trusts and Estates		(100,714)	
<b>Total Operating Revenues</b>	<u>\$ 1,568,352</u>	<u>\$ (100,714)</u>	<u>\$</u>
<b>EXPENSES</b>			
<b>Program Services</b>			
Contributions and Grants Made to:			
The University of Chicago	\$ 525,000	\$	\$
Northwestern University			
Miscellaneous Gifts	500		
Other Program Service Costs	85,663		
<b>Total Program Services</b>	<u>\$ 611,163</u>	<u>\$</u>	<u>\$</u>
<b>Supporting Services</b>			
Management and General	\$ 55,474	\$	\$
Fund Raising	68,159		
<b>Total Supporting Services</b>	<u>\$ 123,633</u>	<u>\$</u>	<u>\$</u>
<b>Total Expenses</b>	<u>\$ 734,796</u>	<u>\$</u>	<u>\$</u>
<b>NET OPERATING REVENUES</b>	<u>\$ 833,556</u>	<u>\$ (100,714)</u>	<u>\$</u>
<b>Other Gains (Losses)</b>			
Realized and Unrealized Gains on Investments	118,389		
<b>CHANGE IN NET ASSETS</b>	<u>\$ 951,945</u>	<u>\$ (100,714)</u>	<u>\$</u>
Net Assets, Beginning of Year	6,493,605	280,696	710,265
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 7,445,550</u></u>	<u><u>\$ 179,982</u></u>	<u><u>\$ 710,265</u></u>

The accompanying notes are an integral part of these statements.

Total	Unrestricted	2007		Total
		Temporarily Restricted	Permanently Restricted	
\$ 1,396,785	\$ 1,175,914	\$	\$	\$ 1,175,914
171,567	212,612			212,612
(100,714)		114,096		114,096
<u>\$ 1,467,638</u>	<u>\$ 1,388,526</u>	<u>\$ 114,096</u>	<u>\$</u>	<u>\$ 1,502,622</u>
\$ 525,000	\$ 427,550	\$	\$	\$ 427,550
	5,000			5,000
500	10,000			10,000
85,663	63,942			63,942
<u>\$ 611,163</u>	<u>\$ 506,492</u>	<u>\$</u>	<u>\$</u>	<u>\$ 506,492</u>
\$ 55,474	\$ 44,189	\$	\$	\$ 44,189
68,159	68,960			68,960
<u>\$ 123,633</u>	<u>\$ 113,149</u>	<u>\$</u>	<u>\$</u>	<u>\$ 113,149</u>
\$ 734,796	\$ 619,641	\$	\$	\$ 619,641
<u>\$ 732,842</u>	<u>\$ 768,885</u>	<u>\$ 114,096</u>	<u>\$</u>	<u>\$ 882,981</u>
118,389	160,824			160,824
<u>\$ 851,231</u>	<u>\$ 929,709</u>	<u>\$ 114,096</u>	<u>\$</u>	<u>\$ 1,043,805</u>
7,484,566	5,563,896	166,600	710,265	6,440,761
<u>\$ 8,335,797</u>	<u>\$ 6,493,605</u>	<u>\$ 280,696</u>	<u>\$ 710,265</u>	<u>\$ 7,484,566</u>



## STATEMENTS OF CASH FLOWS

Years Ended March 31, 2008 and 2007

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 851,231	\$ 1,043,805
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities		
Depreciation Expense	241	195
Net Realized and Unrealized Loss (Gain) on Investments	(118,389)	(160,824)
Loss on Abandonment of Equipment		779
Changes in Assets and Liabilities:		
(Increase) Decrease in Assets:		
Accrued Interest Receivable	6,311	(10,062)
Prepaid Expenses	9,424	(339)
Beneficial Interest in Charitable Remainder Trusts and Estates	100,714	(114,096)
Increase (Decrease) in Liabilities:		
Accrued Liabilities	(651)	(2,142)
Grants Payable	(507,000)	(528,494)
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 341,881</u>	<u>\$ 228,822</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	\$ (3,422,773)	\$ (3,550,667)
Proceeds from the Sale of Investments	3,144,896	3,348,121
Purchase of Equipment	(488)	(930)
<b>Net Cash (Used In) Investing Activities</b>	<u>\$ (278,365)</u>	<u>\$ (203,476)</u>
<b>NET INCREASE IN CASH AND EQUIVALENTS</b>	<u>\$ 63,516</u>	<u>\$ 25,346</u>
Cash and Cash Equivalents, Beginning of Year	323,425	298,079
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	<u>\$ 386,941</u>	<u>\$ 323,425</u>

The accompanying notes are an integral part of these financial statements.

**THE CANCER RESEARCH FOUNDATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

**Years Ended March 31, 2008 and 2007**

	<b>2008</b>		
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>
Grants	\$ 525,500	\$	\$
Payroll and Taxes	38,063	30,450	7,612
Legal and Professional	5,130	5,130	2,565
Telephone	1,193	1,193	597
Postage and Office Supplies	1,562	1,562	780
Advertising			44,609
Rent	7,639	7,639	3,820
Meeting Expense	1,205		
Liability/Worker's Compensation	630	504	126
Newsletter	18,972		4,743
Internet	144		144
Employee Benefits	9,438	7,550	1,887
Dues and Subscriptions	1,107	1,107	1,106
Depreciation	241		
Miscellaneous	339	339	170
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 611,163</u>	<u>\$ 55,474</u>	<u>\$ 68,159</u>

The accompanying notes are an integral part of these statements.



## 2007

Total	Program Services	Management and General	Fundraising	Total
\$ 525,500	\$ 442,550	\$	\$	\$ 442,550
76,125	28,707	22,966	5,741	57,414
12,825	3,720	3,720	1,860	9,300
2,983	1,216	1,216	608	3,040
3,904	1,217	1,217	609	3,043
44,609			51,210	51,210
19,098	6,918	6,918	3,458	17,294
1,205	2,705			2,705
1,260	594	475	119	1,188
23,715	9,238		2,310	11,548
288	224		223	447
18,875	7,657	6,126	1,531	15,314
3,320	1,030	1,030	1,031	3,091
241	195			195
848	521	521	260	1,302
<u>\$ 734,796</u>	<u>\$ 506,492</u>	<u>\$ 44,189</u>	<u>\$ 68,960</u>	<u>\$ 619,641</u>

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2008 and 2007

**NOTE 1: NATURE OF PROGRAM SERVICES**

The purpose of The Cancer Research Foundation (the "Foundation") is to obtain and distribute funds to recognized doctors, hospitals, laboratories, institutes, and centers engaged in cancer research.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements of the Foundation have been prepared on the accrual basis.

**Classification of Net Assets**

The Foundation's net assets have been grouped into three classes as defined below:

**Unrestricted**

Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

**Temporarily Restricted**

Net assets subject to donor-imposed stipulations that will be met by action of the Foundation and/or the passage of time.

**Permanently Restricted**

Net assets subject to donor-imposed stipulations requiring the funds be maintained in perpetuity by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on these assets. Permanently restricted assets consist of the Foundation's endowment fund.

**Public Support Contributions**

Public Support contributions are recorded as revenue when received or when an unconditional promise to give is received by the Foundation. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation. Split interest agreements are recorded as revenue at their estimated future value when the Foundation is notified it has an irrevocable beneficial interest in such agreements. Changes in the estimated future value of split interest agreements are recorded annually in the Statement of Activities.

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2008 and 2007

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Contributions and Grants Made**

Grants, unconditional promises to give, are recorded as expenses when the Board approves the grants. Grants approved by the Board, but not yet paid, are recorded as liabilities in the Statement of Financial Position.

**Cash Equivalents**

The Foundation considers all liquid investments purchased with a maturity of three months or less and designated to be used to support daily operations to be cash equivalents. These investments are held in general operating bank accounts. The Foundation considers all liquid money market funds held by the custodian and controlled by the investment manager to be investments as described in Note 4 of these financial statements.

**Investments**

Investments consist of publicly traded securities and are carried at fair market value, based on quoted market prices. Interest and dividends are included in operating revenues as investment income net of custodial and investment advisory fees. Realized and unrealized gains and losses are stated as other gains and losses on the Statement of Activities. Custodial and investment advisory fees amounted to \$67,445 and \$61,816 in the fiscal years ended March 31, 2008 and 2007 respectively.

**Equipment**

Equipment purchased by the Foundation is stated at cost. Depreciation of assets begins when the assets are placed in service. Depreciation is computed using the straight-line method over the estimated useful life of the equipment. Depreciation expense amounted to \$241 and \$193 in the fiscal years ended March 31, 2008 and 2007 respectively.

**Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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 may vary from those estimates.



## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2008 and 2007

**NOTE 3: BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUSTS AND ESTATES**

The Foundation was named the remainder beneficiary in a charitable remainder trust. The trust agreement provided that upon the death of the beneficiary, the Foundation would receive a certain defined amount of the trust assets. The Foundation was not the trustee of the agreement. Included in the March 31, 2007 receivable for Beneficial Interest in Charitable Remainder Trusts and Estates was \$114,795 representing the present value of the estimated future payments to be received. During the year ended March 31, 2008, the Foundation received distributions of \$136,761. No future distributions are anticipated from this trust.

During fiscal year 2002, the Foundation was notified that it would receive monthly payments of \$3,560 over five years from life insurance annuities from its share of the assets of an estate. Included in the March 31, 2007 receivable for Beneficial Interest in Charitable Remainder Trusts and Estates was \$7,121. This amount was received in the year ended March 31, 2008. No future payments are anticipated from these annuities.

During the year ended March 31, 2007, the Foundation received \$200,000 from an individual estate representing a 20% beneficial interest in the total estate. The trustee had notified the Foundation that an additional residual amount would be distributed after payment of all necessary taxes and professional fees. Included in the March 31, 2007 receivable for Beneficial Interest in Charitable Remainder Trusts and Estates, the Foundation had estimated that its' share of the remaining assets of this estate to be \$18,140 representing the present value of the estimated future payments. During the year ended in March 31, 2008, the Foundation received distributions of \$68,446. No future payments are anticipated from this estate.

In addition, during the year ended March 31, 2008, the Foundation was notified of additional benefits due from estates. Subsequent to the year end, \$179,982 was received from these estates.

**NOTE 4: INVESTMENTS**

Investments consist of the following at March 31, 2008 and 2007:

	2008	2007
Money Market Fund	\$ 1,196,725	\$ 279,893
U.S. Government Bonds	893,375	988,938
Corporate Bonds and Warrants	505,768	899,795
Convertible Bonds	0	33,950
Stocks and Securities	<u>5,458,299</u>	<u>5,455,325</u>
<b>Total</b>	<u>\$ 8,054,167</u>	<u>\$ 7,657,901</u>

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2008 and 2007

**NOTE 5: UNCONDITIONAL GRANTS PAYABLE**

Unconditional grants payable are grants approved by the Board of Trustees and are payable in the following year.

**NOTE 6: PERMANENTLY RESTRICTED NET ASSETS**

The Foundation received endowments totaling \$710,265 from the Eugene and Dorothy S. Fletcher Trust. The terms of the endowments permit the use of investment earnings for laboratory research.

**NOTE 7: GRANTS MADE TO THE UNIVERSITY OF CHICAGO**

Grants made to the University of Chicago were directed to the following researchers:

Name	2008	2007
Dr. Adams	\$	\$ 50,000
Dr. Bradbury		25,000
Dr. Guerva-Patino		50,000
Dr. Jones		50,000
Dr. Kovar		50,000
Dr. Minn		50,000
Dr. Stoddart		50,000
Dr. Undevia		2,550
Dr. Du		100,000
Dr. Rubin	25,000	
Dr. Chen	50,000	
Dr. Grasberger	50,000	
Dr. Polite	50,000	
Dr. Romero	50,000	
Dr. Seiwert	50,000	
Dr. Singleton	50,000	
Dr. Wang	50,000	
Dr. Rosengart	50,000	
Dr. Peter	100,000	
	<u>525,000</u>	<u>427,550</u>
<b>Total</b>	<b>\$ 525,000</b>	<b>\$ 427,550</b>



## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2008 and 2007

**NOTE 8: EMPLOYEE BENEFIT PLAN**

The Foundation maintains a 403(b) retirement plan for its employee. Under the terms of the Plan, employees are entitled to contribute a portion of their total compensation up to maximum limits established by the Internal Revenue Code. The Plan provides for discretionary employer matching contributions. Retirement expense amounted to \$9,385 in the fiscal year ended March 31, 2008 and \$3,000 for the fiscal year ended March 31, 2007.

**NOTE 9: ADVERTISING COSTS**

It is the Foundation's policy to expense advertising costs as incurred.

**NOTE 10: FUND-RAISING EXPENSE**

Total fundraising expense for the years ended March 31, 2008 and 2007 amounted to \$68,159 and \$68,960, respectively. Fund-raising expenses are computed using actual expenses and an allocation of expenses based on management's estimate.

**NOTE 11: LEASE AGREEMENT**

The Foundation is obligated for future minimum rental commitments totaling \$41,227 under a non-cancelable operating lease for office space expiring in August 2010. The agreement provides for annual base rents plus additional rents relating to future increases in the building's operating expenses and real estate taxes. Rent expense during the years ended March 31, 2008 and 2007, totaled \$19,098 and \$17,294 respectively.

Minimum payments scheduled under these leases for the next three years are:

March 31, 2009	\$ 16,841
March 31, 2010	17,173
March 31, 2011	<u>7,213</u>
<b>Total</b>	<u>\$ 41,227</u>

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2008 and 2007

**NOTE 12: TAX STATUS**

The United States Treasury Department has advised that the Foundation is a not-for-profit corporation organized and operated exclusively for charitable and scientific purposes, is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and is not a private foundation as defined in Section 509(a), of the Internal Revenue Code.

**NOTE 13: CONCENTRATIONS OF CREDIT RISK**

At times during the year, the Foundation may maintain certain bank account balances in excess of the FDIC's insured limits.

The Foundation 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 53% and 39% of total public support for the years ended March 31, 2008 and 2007, respectively.