THE CANCER RESEARCH FOUNDATION

FINANCIAL STATEMENTS

March 31, 2009 and 2008

INDEX

GTWR
certified public accountants
GOETTSCHE, TRANEN, WINTER & RUSSO

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, 2009 and 2008, and the related statements of activities and changes in net assets, cash flows and functional expenses 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, 2009 and 2008, 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 6, 2009

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STATEMENTS OF FINANCIAL POSITION

March 31, 2009 and 2008

	2009	2008
A S S E T S		
Cash and Equivalents	$ 362,763	$ 386,941
Investments, at Fair Value	5,657,927	8,054,167
Accrued Interest Receivable	55,789	23,341
Prepaid Expenses	875	329
Beneficial Interest in Charitable Remainder Trusts and Estates	25,000	179,982
Equipment - Net	2,183	1,037
TOTAL ASSETS	$ 6,104,537	$ 8,645,797
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Unconditional Grants Payable	$ 1,192,500	$ 310,000
Accrued Liabilities	496	
Total Current Liabilities	$ 1,192,996	$ 310,000
LONG-TERM LIABILITIES		
Unconditional Grants Payable	1,000,000	
NET ASSETS		
Unrestricted Fund Balance	$ 3,176,276	$ 7,445,550
Temporarily Restricted Fund Balance	25,000	179,982
Restricted Fund Balance	710,265	710,265
Total Net Assets	$ 3,911,541	$ 8,335,797
TOTAL LIABILITIES AND NET ASSETS	$ 6,104,537	$ 8,645,797

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

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended March 31, 2009 and 2008

	2009				2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenues								
Public Support Contributions	$ 1,065,171	$	$	$ 1,065,171	$ 1,396,785	$	$	$ 1,396,785
Investment Income	176,213			176,213	171,567			171,567
Change in Value of Charitable Remainder Trusts and Estates		(154,982)		(154,982)		(100,714)		(100,714)
Total Operating Revenues	$ 1,241,384	$ (154,982)	$	$ 1,086,402	$ 1,568,352	$ (100,714)	$	$ 1,467,638
EXPENSES								
Program Services								
Contributions and Grants Made to:								
The University of Chicago	$ 3,284,280	$	$	$ 3,284,280	$ 525,000	$	$	$ 525,000
Miscellaneous Gifts					500			500
Other Program Service Costs	59,278			59,278	85,662			85,662
Total Program Services	$ 3,343,558	$	$	$ 3,343,558	$ 611,162	$	$	$ 611,162
Supporting Services								
Management and General	$ 70,728	$	$	$ 70,728	$ 55,473	$	$	$ 55,473
Fund Raising	56,395			56,395	68,161			68,161
Total Supporting Services	$ 127,123	$	$	$ 127,123	$ 123,634	$	$	$ 123,634
Total Expenses	$ 3,470,681	$	$	$ 3,470,681	$ 734,796	$	$	$ 734,796
NET OPERATING REVENUES / (EXPENSES)	$ (2,229,297)	$ (154,982)	$	$ (2,384,279)	$ 833,556	$ (100,714)	$	$ 732,842
Other Gains (Losses)								
Realized and Unrealized Loss on Investments	(2,039,977)			(2,039,977)	118,389			118,389
CHANGE IN NET ASSETS	$ (4,269,274)	$ (154,982)	$	$ (4,424,256)	$ 951,945	$ (100,714)	$	$ 851,231
Net Assets, Beginning of Year	7,445,550	179,982	710,265	8,335,797	6,493,605	280,696	710,265	7,484,566
NET ASSETS, END OF YEAR	$ 3,176,276	$ 25,000	$ 710,265	$ 3,911,541	$ 7,445,550	$ 179,982	$ 710,265	$ 8,335,797

The accompanying notes are an integral part of these statements.

STATEMENTS OF CASH FLOWS

Years Ended March 31, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (4,424,256)	$ 851,231
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities		
Depreciation Expense	263	241
Net Realized and Unrealized Loss (Gain) on Investments	2,039,977	(118,389)
Changes in Assets and Liabilities:		
(Increase) Decrease in Assets:		
Accrued Interest Receivable	(32,448)	6,311
Prepaid Expenses	(546)	9,424
Beneficial Interest in Charitable Remainder Trusts and Estates	154,982	100,714
Increase (Decrease) in Liabilities:		
Accrued Liabilities	496	(651)
Grants Payable	1,882,500	(507,000)
Net Cash Provided by (Used In) Operating Activities	$ (379,032)	$ 341,881
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	$ (5,637,905)	$ (3,422,773)
Proceeds from the Sale of Investments	5,994,168	3,144,896
Purchase of Equipment	(1,409)	(488)
Net Cash Provided by (Used In) Investing Activities	$ 354,854	$ (278,365)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	$ (24,178)	$ 63,516
Cash and Cash Equivalents, Beginning of Year	386,941	323,425
CASH AND EQUIVALENTS, END OF YEAR	$ 362,763	$ 386,941

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

THE CANCER RESEARCH FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended March 31, 2009 and 2008

	2009				2008			
	Program Services	**Management and General**	**Fundraising**	**Total**	**Program Services**	**Management and General**	**Fundraising**	**Total**
Grants	$ 3,284,280	$	$	$ 3,284,280	$ 525,500	$	$	$ 525,500
Payroll and Taxes	33,470	26,776	6,693	66,939	38,063	30,450	7,612	76,125
Legal and Professional	5,390	32,534	2,695	40,619	5,130	5,130	2,565	12,825
Telephone	581	581	290	1,452	1,193	1,193	597	2,983
Postage and Office Supplies	2,042	2,042	1,020	5,104	1,562	1,562	780	3,904
Advertising			39,424	39,424			44,609	44,609
Rent	7,284	7,284	3,643	18,211	7,639	7,639	3,820	19,098
Meeting Expense	1,780			1,780	1,205			1,205
Liability/Worker's Compensation	783	626	156	1,565	630	504	126	1,260
Newsletter	6,800		1,700	8,500	18,972		4,743	23,715
Employee Benefits					9,438	7,550	1,888	18,876
Dues and Subscriptions	663	663	663	1,989	1,250	1,106	1,251	3,607
Depreciation	263			263	241			241
Miscellaneous	222	222	111	555	339	339	170	848
TOTAL FUNCTIONAL EXPENSES	$ 3,343,558	$ 70,728	$ 56,395	$ 3,470,681	$ 611,162	$ 55,473	$ 68,161	$ 734,796

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2009 and 2008

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.

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 $64,653 and $67,445 in the fiscal years ended March 31, 2009 and 2008 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 $263 and $241 in the fiscal years ended March 31, 2009 and 2008 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.

NOTE 3: BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUSTS AND ESTATES

During the year ended March 31, 2009, the Foundation received $179,982 relating to estates given in the prior year. The Foundation was notified of additional benefits due from estates at year end. Subsequent to the year end, $25,000 was received from these estates.

NOTE 4: INVESTMENTS

Investments consist of the following at March 31, 2009 and 2008:

	2009	2008
Money Market Fund	$ 954,709	$ 1,196,725
U.S. Government Bonds	805,328	893,375
Corporate Bonds and Warrants	1,735,879	505,768
Stocks and Securities	2,162,011	5,458,299
Total	$ 5,657,927	$ 8,054,167

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.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2009 and 2008

NOTE 7: GRANTS MADE TO THE UNIVERSITY OF CHICAGO

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

Name	2009	2008
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
Dr. Rosengart (Unused from PY)	(15,720)	
Dr. Volchembom	75,000	
Dr. Nguyen	75,000	
Dr. Cohen	75,000	
Dr. Choi	75,000	
University of Chicago Pledge	3,000,000	
Total	$ 3,284,280	$ 525,000

NOTE 8: LONG-TERM GRANTS PAYABLE TO THE UNIVERSITY OF CHICAGO

The Foundation made a $3,000,000 pledge to the University of Chicago payable in three equal payments over three years starting with year ended March 31, 2009. One million will be paid at end of March 31, 2010 and the remaining portion of one million is classified as long-term.

This $3,000,000 pledge represents a lead grant to partially fund a six-part, systems-based interdisciplinary attack on therapy based Acute Myeloid Leukemia, a secondary cancer that strikes 8 to 10% of cancer survivors. The five year program will include high-throughput genomic screening, work in blood stem cells, clinical trials and high-level informatics, all pursued concurrently and in a coordinated manner. While the primary goal of this project is to find answers surrounding this terrible disease, the hope is that by applying a systems-based approach to cancer research, the project will be able to change the way that cancer science is pursued.

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, 2009 and 2008 amounted to $56,395 and $68,159, 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 $24,386 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, 2009 and 2008, totaled $18,211 and $19,098 respectively. During the fiscal year, the management company of the building changed, however, no portion of the lease agreement was changed.

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

March 31, 2010	$ 17,173
March 31, 2011	7,213
Total	$ 24,386

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 72% and 53% of total public support for the years ended March 31, 2009 and 2008, respectively.