THE CANCER RESEARCH FOUNDATION

FINANCIAL STATEMENTS

March 31, 2010 and 2009

I N D E X

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, 2010 and 2009, 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, 2010 and 2009, 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
September 3, 2010

STATEMENTS OF FINANCIAL POSITION

March 31, 2010 and 2009

	2010	2009
A S S E T S		
Cash and Equivalents	$ 799,472	$ 362,763
Investments, at Fair Value	5,993,458	5,657,927
Accrued Interest Receivable	35,588	55,789
Prepaid Expenses	912	875
Beneficial Interest in Charitable Remainder Trusts and Estates		25,000
Equipment - Net	1,822	2,183
TOTAL ASSETS	$ 6,831,252	$ 6,104,537
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Unconditional Grants Payable	$ 1,362,500	$ 1,192,500
Accrued Liabilities	996	496
Total Current Liabilities	$ 1,363,496	$ 1,192,996
LONG-TERM LIABILITIES		
Unconditional Grants Payable		1,000,000
NET ASSETS		
Unrestricted Fund Balance	$ 4,757,491	$ 3,176,276
Temporarily Restricted Fund Balance		25,000
Restricted Fund Balance	710,265	710,265
Total Net Assets	$ 5,467,756	$ 3,911,541
TOTAL LIABILITIES AND NET ASSETS	$ 6,831,252	$ 6,104,537

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, 2010 and 2009

	2010				2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenues								
Public Support Contributions	$ 982,948	$	$	$ 982,948	$ 1,065,171	$	$	$ 1,065,171
Investment Income	171,360			171,360	176,213			176,213
Change in Value of Charitable Remainder Trusts and Estates		(25,000)		(25,000)		(154,982)		(154,982)
Total Operating Revenues	$ 1,154,308	$ (25,000)	$	$ 1,129,308	$ 1,241,384	$ (154,982)	$	$ 1,086,402
EXPENSES								
Program Services								
Contributions and Grants Made to:								
The University of Chicago	$ 549,637	$	$	$ 549,637	$ 3,284,280	$	$	$ 3,284,280
Other Program Service Costs	82,793			82,793	59,278			59,278
Total Program Services	$ 632,430	$	$	$ 632,430	$ 3,343,558	$	$	$ 3,343,558
Supporting Services								
Management and General	$ 37,145	$	$	$ 37,145	$ 70,728	$	$	$ 70,728
Fund Raising	47,488			47,488	56,395			56,395
Total Supporting Services	$ 84,633	$	$	$ 84,633	$ 127,123	$	$	$ 127,123
Total Expenses	$ 717,063	$	$	$ 717,063	$ 3,470,681	$	$	$ 3,470,681
NET OPERATING REVENUES (EXPENSES)	$ 437,245	$ (25,000)	$	$ 412,245	$ (2,229,297)	$ (154,982)	$	$ (2,384,279)
Other Gains (Losses)								
Realized and Unrealized Loss on Investments	1,143,970			1,143,970	(2,039,977)			(2,039,977)
CHANGE IN NET ASSETS	$ 1,581,215	$ (25,000)	$	$ 1,556,215	$ (4,269,274)	$ (154,982)	$	$ (4,424,256)
Net Assets, Beginning of Year	3,176,276	25,000	710,265	3,911,541	7,445,550	179,982	710,265	8,335,797
NET ASSETS, END OF YEAR	$ 4,757,491	$	$ 710,265	$ 5,467,756	$ 3,176,276	$ 25,000	$ 710,265	$ 3,911,541

The accompanying notes are an integral part of these statements.

STATEMENTS OF CASH FLOWS

Years Ended March 31, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 1,556,215	$ (4,424,256)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities		
Depreciation Expense	561	263
Net Realized and Unrealized Loss (Gain) on Investments	(1,143,970)	2,039,977
Changes in Assets and Liabilities:		
(Increase) Decrease in Assets:		
Accrued Interest Receivable	20,201	(32,448)
Prepaid Expenses	(37)	(546)
Beneficial Interest in Charitable Remainder Trusts and Estates	25,000	154,982
Increase (Decrease) in Liabilities:		
Accrued Liabilities	499	496
Grants Payable	(830,000)	1,882,500
Net Cash (Used In) Operating Activities	$ (371,531)	$ (379,032)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	$ (1,277,276)	$ (5,637,905)
Proceeds from the Sale of Investments	2,085,716	5,994,168
Purchase of Equipment	(200)	(1,409)
Net Cash Provided Investing Activities	$ 808,240	$ 354,854
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	$ 436,709	$ (24,178)
Cash and Cash Equivalents, Beginning of Year	362,763	386,941
CASH AND EQUIVALENTS, END OF YEAR	$ 799,472	$ 362,763

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

THE CANCER RESEARCH FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended March 31, 2010 and 2009

	2010				2009			
	Program Services	**Management and General**	**Fundraising**	**Total**	**Program Services**	**Management and General**	**Fundraising**	**Total**
Grants	$ 549,637	$	$	$ 549,637	$ 3,284,280	$	$	$ 3,284,280
Payroll and Taxes	50,234	20,931	12,558	83,723	33,470	26,776	6,693	66,939
Legal and Professional	5,780	5,780	2,890	14,450	5,390	32,534	2,695	40,619
Telephone	699	699	349	1,747	581	581	290	1,452
Postage and Office Supplies	2,144	2,144	1,071	5,359	2,042	2,042	1,020	5,104
Advertising			24,288	24,288			39,424	39,424
Rent	6,578	6,578	3,290	16,446	7,284	7,284	3,643	18,211
Meeting Expense	4,710			4,710	1,780			1,780
Insurance	1,057	845	211	2,113	783	626	156	1,565
Newsletter	5,982		1,495	7,477	6,800		1,700	8,500
Internet	4,880		1,220	6,100				
Dues and Subscriptions	64	64	65	193	663	663	663	1,989
Depreciation	561			561	263			263
Miscellaneous	104	104	51	259	222	222	111	555
TOTAL FUNCTIONAL EXPENSES	$ 632,430	$ 37,145	$ 47,488	$ 717,063	$ 3,343,558	$ 70,728	$ 56,395	$ 3,470,681

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2010 and 2009

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.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 $53,449 and $64,653 in the fiscal years ended March 31, 2010 and 2009 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 $561 and $263 in the fiscal years ended March 31, 2010 and 2009 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.

Fair Value Measurements
The Foundation accounts for its financial instruments at fair value. Fair value is defined as the price that would be paid in an orderly transaction, or exit price, between market participants to sell the asset in the principal or most advantageous market for the asset. Fair value is a market based measurement, not an entity-specific measurement, and should therefore be determined based on the assumptions that market participants would use in pricing the asset.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Foundation is required by generally accepted accounting principles to categorize its financial instruments based on a three-level fair value hierarchy. The 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). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value of the instrument. Financial instruments recorded on the statement of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 **–** Financial assets and liabilities whose value are based on quoted prices for identical assets or liabilities in an active market that the Foundation has the ability to access.

Level 2 **–** Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs includes quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in non-active markets; pricing models whose inputs are observable for substantially the full term of the asset or liability; and pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

Level 3 **–** Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about what market participants would use in pricing the asset or liability developed using the best information available including assistance from investment advisors.

NOTE 3: BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUSTS AND ESTATES

During the year ended March 31, 2010, the Foundation received $25,000 relating to estates given in the prior year.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2010 and 2009

NOTE 4: INVESTMENTS

The Foundation uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. For additional information on how the organization measures fair value refer to Note 2.

The following table sets forth by level, within the fair value hierarchy, the plan's assets at fair value as of March 31, 2010 and 2009.

		Fair Value Measurements Using:		
	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Observable Inputs Other Than Quoted Market Prices (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2010:				
Money Market Funds	$ 288,347	$ 288,347	$	$
U.S. Government Bonds	385,250	385,250		
Corporate Bonds and Warrants	1,259,046	1,259,046		
Stocks and Securities	4,060,815	4,060,815		
Total	$ 5,993,458	$ 5,993,458	$	$
March 31, 2009:				
Money Market Funds	$ 954,709	$ 954,709	$	$
U.S. Government Bonds	805,328	805,328		
Corporate Bonds and Warrants	1,735,879	1,735,879		
Stocks and Securities	2,162,011	2,162,011		
Total	$ 5,657,927	$ 5,657,927	$	$

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, 2010 and 2009

NOTE 7: GRANTS MADE TO THE UNIVERSITY OF CHICAGO

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

Name	2010	2009
Dr. Choi	$	$ 75,000
Dr. Volchembom		75,000
Dr. Nguyen		75,000
Dr. Cohen		75,000
Dr. Rosengart (Unused from PY)		(15,720)
University of Chicago Pledge		3,000,000
Dr. Stoddart (Unused from PY)	(363)	
Dr. Savage	75,000	
Dr. Kline	75,000	
Dr. Vander Griend	75,000	
Dr. Gupta	75,000	
Dr. Kupfer	75,000	
Dr. Konda	75,000	
Dr. Cunningham	100,000	
Total	$ 549,637	$ 3,284,280

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

During the year ended March 31, 2009, the Foundation pledged $3,000,000 to the University of Chicago payable in three equal payments over three years. One million was paid in each of the years ended March 31, 2009 and 2010. The remaining one million is due in the year ending March 31, 2011.

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, 2010 and 2009 amounted to $47,488 and $56,395, respectively. Fund-raising expenses are computed using actual expenses and an allocation of expenses based on management's estimate.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2010 and 2009

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, 2010 and 2009, totaled $16,446 and $18,211 respectively. Subsequent to the audit, no lease was agreed upon after August 2010.

Minimum payments scheduled under these leases for the next year:

March 31, 2011	$ 7,213
Total	$ 7,213

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 89% and 72% of total public support for the years ended March 31, 2010 and 2009, respectively.

NOTE 14: SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 3, 2010, the date which the financial statements were available for issue. There were no subsequent events which require disclosure.