CANCER RESEARCH FOUNDATION

FINANCIAL STATEMENTS

March 31, 2013 and 2012

I N D E X

EIN: 36-2385213

GTWR
certified public accountants

GOETTSCHE, TRANEN, WINTER & RUSSO

INDEPENDENT AUDITOR'S REPORT

To: Board of Trustees
Cancer Research Foundation
Chicago, Illinois

We have audited the accompanying statements of financial position of the **Cancer Research Foundation** (a nonprofit organization), which comprise the statements of financial position as of March 31, 2013 and 2012, and the related statements of activities and changes in net assets, and cash flows for the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 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 the **Cancer Research Foundation** as of March 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 12 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.

Doettsche Trenow Winter & Russo

Lincolnwood, Illinois
August 21, 2013

STATEMENTS OF FINANCIAL POSITION

March 31, 2013 and 2012

	2013	2012
A S S E T S		
Cash and Equivalents	$ 188,554	$ 812,968
Investments, at Fair Value	7,928,812	6,135,966
Accrued Interest Receivable	29,852	26,912
Prepaid Expenses	1,100	1,899
Security Deposit	1,700	1,700
Beneficial Interest in Charitable Remainder Trusts and Estates	15,831	98,747
Equipment - Net	1,717	2,510
TOTAL ASSETS	$ 8,167,566	$ 7,080,702

LIABILITIES AND NET ASSETS

	2013	2012
CURRENT LIABILITIES		
Grants Payable	$ 250,000	$ 150,000
Accrued Liabilities	4,375	9,543
Total Current Liabilities	254,375	159,543
NET ASSETS		
Unrestricted Fund Balance	7,187,096	6,112,148
Temporarily Restricted Fund Balance	15,830	98,746
Restricted Fund Balance	710,265	710,265
Total Net Assets	7,913,191	6,921,159
TOTAL LIABILITIES AND NET ASSETS	$ 8,167,566	$ 7,080,702

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

CANCER RESEARCH FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended March 31, 2013 and 2012

	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenues								
Public Support Contributions	$ 1,396,356	$	$	$ 1,396,356	$ 979,547	$	$	$ 979,547
Investment Income	216,740			216,740	165,689			165,689
Change in Value of Charitable Remainder Trusts and Estates		(82,916)		(82,916)		67,084		67,084
Total Operating Revenues	1,613,096	(82,916)		1,530,180	1,145,236	67,084		1,212,320
EXPENSES								
Program Services								
Contributions and Grants Made to:								
The University of Chicago	575,000			575,000	475,000			475,000
Miscellaneous Gifts	90,000			90,000				
Other Program Service Costs	97,019			97,019	93,461			93,461
Total Program Services	762,019			762,019	568,461			568,461
Supporting Services								
Management and General	54,914			54,914	51,981			51,981
Fund Raising	50,325			50,325	57,948			57,948
Total Supporting Services	105,239			105,239	109,929			109,929
Total Expenses	867,258			867,258	678,390			678,390
NET OPERATING REVENUES	745,838	(82,916)		662,922	466,846	67,084		533,930
Other Gains								
Realized and Unrealized Gains on Investments	329,110			329,110	151,909			151,909
CHANGE IN NET ASSETS	1,074,948	(82,916)		992,032	618,755	67,084		685,839
Net Assets, Beginning of Year	6,112,148	98,746	710,265	6,921,159	5,493,393	31,662	710,265	6,235,320
NET ASSETS, END OF YEAR	$ 7,187,096	$ 15,830	$ 710,265	$ 7,913,191	$ 6,112,148	$ 98,746	$ 710,265	$ 6,921,159

The accompanying notes are an integral part of these statements.

STATEMENTS OF CASH FLOWS

Years Ended March 31, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 992,032	$ 685,839
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities		
Depreciation Expense	793	968
Net Realized and Unrealized (Gain) on Investments	(329,110)	(151,909)
Changes in Assets and Liabilities:		
(Increase) Decrease in Assets:		
Accrued Interest Receivable	(2,940)	(4,926)
Prepaid Expenses	799	(993)
Beneficial Interest in Charitable Remainder Trusts and Estates	82,916	(67,085)
Increase (Decrease) in Liabilities:		
Accrued Liabilities	(5,166)	7,912
Grants Payable	100,000	(87,500)
Net Cash From Operating Activities	839,324	382,306
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(3,143,831)	(1,959,471)
Proceeds from the Sale of Investments	1,680,093	1,798,775
Net Cash (Used In) Investing Activities	(1,463,738)	(160,696)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(624,414)	221,610
Cash and Cash Equivalents, Beginning of Year	812,968	591,358
CASH AND EQUIVALENTS, END OF YEAR	$ 188,554	$ 812,968

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

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, 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 $58,656 and $49,558 in the fiscal years ended March 31, 2013 and 2012 respectively.

Equipment
The Foundation capitalizes all expenditures for property and equipment in excess of $1,500. 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 $793 and $968 in the fiscal years ended March 31, 2013 and 2012 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 is 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, the Foundation was notified, and received, new bequests of $760,800. Two ongoing bequests from the prior year were received, one for $70,600 and another for $7,900. There are two additional installments of $7,900 that will occur over the next two years. The Foundation was also notified that there were remainder amounts in an estate that the Foundation would receive; however, the amount cannot be reasonably determined at the time of these financial statements.

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, 2013 and 2012.

		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, 2013:				
Money Market Funds	$ 438,146	$ 438,146	$	$
Corporate Bonds and Warrants	1,725,140	1,725,140		
Stocks and Securities	5,765,526	5,765,526		
Total	$ 7,928,812	$ 7,928,812	$	$
March 31, 2012:				
Money Market Funds	$ 207,748	$ 207,748	$	$
Corporate Bonds and Warrants	1,239,477	1,239,477		
Stocks and Securities	4,688,741	4,688,741		
Total	$ 6,135,966	$ 6,135,966	$	$

NOTE 5: 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.

The Organization has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those 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 fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

NOTE 6: GRANTS MADE TO THE UNIVERSITY OF CHICAGO

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

Name	2013	2012
Dr. Wu		$ 75,000
Dr. Sammet		75,000
Dr. Szmulewitz		75,000
Dr. Pierce		75,000
Dr. Pinto		75,000
Dr. de Sousa		75,000
Dr. Rubin		25,000
Dr. Churpek	75,000	
Dr. LaBelle	75,000	
Dr. Liu	75,000	
Dr. Sharma	75,000	
Dr. Smieliauskas	75,000	
Dr. Lengyel	100,000	
Dr. Onel	100,000	
Total	$ 575,000	$ 475,000

NOTE 7: GRANTS MADE TO OTHER INSTITUTIONS

Grants were made to following researchers during the year:

Name	Institution	2013	2012
Dr. DeNardo	Washington University	$ 75,000	
Dr. Stolzel	Univ. of Technologies Dresden	15,000	
Total		$ 90,000	

NOTE 8: ADVERTISING COSTS

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

NOTE 9: FUND-RAISING EXPENSE

Total fundraising expense for the years ended March 31, 2013 and 2012 amounted to $50,325 and $57,948, respectively. Fund-raising expenses are computed using actual expenses and an allocation of expenses based on management's estimate.

NOTE 10: LEASE AGREEMENT

The Foundation is obligated for future minimum rental commitments totaling $26,708 under a non-cancelable operating lease for office space expiring in August 2015. 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, 2013 and 2012, totaled $12,570 and $11,165 respectively.

Minimum payments scheduled under these leases for the following years:

March 31, 2014	$ 10,873
March 31, 2015	11,144
March 31, 2016	4,691
Total	$ 26,708

NOTE 11: 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 12: 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 33% and 40% of total public support for the years ended March 31, 2013 and 2012, respectively.

The Foundation received bequests which comprised 57% and 55% of total public support for the years ended March 31, 2013 and 2012, respectively.

NOTE 13: SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 21, 2013, the date which the financial statements were available for issue. The Foundation was notified after year end that it has an approximate interest of $35,000 from an estate and initial court hearing occurring in May 2013. There were no other subsequent events that require disclosure.

CANCER RESEARCH FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended March 31, 2013 and 2012

	2013				2012			
	Program Services	**Management and General**	**Fundraising**	**Total**	**Program Services**	**Management and General**	**Fundraising**	**Total**
Grants	$ 665,000	$	$	$ 665,000	$ 475,000	$	$	$ 475,000
Payroll and Taxes	74,329	40,543	20,272	135,144	70,541	38,477	19,238	128,256
Legal and Professional	5,560	5,560	2,780	13,900	5,660	5,660	2,830	14,150
Telephone	1,058	1,058	529	2,645	972	972	485	2,429
Postage and Office Supplies	1,429	1,429	714	3,572	1,300	1,300	649	3,249
Advertising			21,376	21,376			30,147	30,147
Rent	5,028	5,028	2,514	12,570	4,466	4,466	2,233	11,165
Meeting Expense					144			144
Insurance	1,555	1,244	311	3,110	1,119	895	223	2,237
Newsletter	4,185		1,046	5,231	5,365		1,341	6,706
Internet	3,030		757	3,787	2,715		679	3,394
Dues and Subscriptions					35	35	35	105
Depreciation	793			793	968			968
Miscellaneous	52	52	26	130	176	176	88	440
TOTAL FUNCTIONAL EXPENSES	$ 762,019	$ 54,914	$ 50,325	$ 867,258	$ 568,461	$ 51,981	$ 57,948	$ 678,390

The accompanying notes are an integral part of these statements.