

ISRAEL CANCER RESEARCH FUND, INC.

FINANCIAL STATEMENTS

Years Ended December 31, 2010 and 2009

AND

INDEPENDENT AUDITORS' REPORT

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December 31, 2010 and 2009

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ROSEN SEYMOUR SHAPSS MARTIN & COMPANY LLP

Certified Public Accountants & Profitability Consultants



INDEPENDENT AUDITORS' REPORT

To the International Board of Trustees of
Israel Cancer Research Fund, Inc.

We have audited the accompanying statements of financial position of Israel Cancer Research Fund, Inc. (a nonprofit organization) as of December 31, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audits 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 Israel Cancer Research Fund, Inc. as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Rosen Seymour Shapss Martin & Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

New York, New York
September 6, 2011

ISRAEL CANCER RESEARCH FUND, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2010 and 2009

	2010	2009
<u>Assets</u>		
Current assets:		
Cash and cash equivalents:		
Bank deposits	\$ 1,014,218	\$ 1,233,724
Money market, unrestricted	2,503,280	1,480,606
Money market, temporarily restricted	1,438,875	1,483,552
Total cash and cash equivalents	4,956,373	4,197,882
Marketable securities	68,369	66,486
Unconditional promises to give, current portion	505,668	537,642
Prepaid expenses and other current assets	52,000	80,868
Total current assets	5,582,410	4,882,878
Equipment and improvements, net	41,341	41,582
Other assets:		
Money market, permanently restricted	1,428,823	1,428,823
Unconditional promises to give, net of current portion	1,204,099	1,237,586
Park naming rights	250,000	250,000
Deposits	19,342	21,901
Total assets	<u>\$ 8,526,015</u>	<u>\$ 7,862,770</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 108,449	\$ 198,292
Research grants payable	472,500	573,750
Gift annuities payable, current portion	24,228	22,977
Total current liabilities	605,177	795,019
Other liabilities:		
Deferred rent payable	32,542	10,441
Gift annuities payable, net of current portion	109,100	133,328
Total liabilities	746,819	938,788
Commitments and Contingency		
Net assets:		
Unrestricted	3,811,067	2,640,129
Temporarily restricted	2,539,292	2,855,016
Permanently restricted	1,428,837	1,428,837
Total net assets	7,779,196	6,923,982
Total liabilities and net assets	<u>\$ 8,526,015</u>	<u>\$ 7,862,770</u>

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

ISRAEL CANCER RESEARCH FUND, INC.

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2010 and 2009

	2010				2009			
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
Revenues and public support:								
Contributions, legacies and bequests	\$ 1,834,946	\$ 333,909	\$ -	\$ 2,168,855	\$ 1,200,176	\$ 882,701	\$ -	\$ 2,082,877
Investment income, net	3,181	367	-	3,548	3,938	10,508	-	14,446
Special event income	1,156,758	-	-	1,156,758	1,797,264	-	-	1,797,264
Less cost of direct benefit to donors	(72,459)	-	-	(72,459)	(227,994)	-	-	(227,994)
Net assets released from restrictions	650,000	(650,000)	-	-	945,000	(945,000)	-	-
 Total revenues and public support	 3,572,426	 (315,724)	 -	 3,256,702	 3,718,384	 (51,791)	 -	 3,666,593
Expenses:								
Program services:								
Research	844,956	-	-	844,956	1,033,648	-	-	1,033,648
Public information	-	-	-	-	9,566	-	-	9,566
 Total program services	 844,956	 -	 -	 844,956	 1,043,214	 -	 -	 1,043,214
Supporting services:								
Management and general	969,553	-	-	969,553	1,211,051	-	-	1,211,051
Fund-raising	586,979	-	-	586,979	553,342	-	-	553,342
 Total supporting services	 1,556,532	 -	 -	 1,556,532	 1,764,393	 -	 -	 1,764,393
 Total expenses	 2,401,488	 -	 -	 2,401,488	 2,807,607	 -	 -	 2,807,607
 Increase (decrease) in net assets	 1,170,938	 (315,724)	 -	 855,214	 910,777	 (51,791)	 -	 858,986
Net assets at beginning of year	<u>2,640,129</u>	<u>2,855,016</u>	<u>1,428,837</u>	<u>6,923,982</u>	<u>1,729,352</u>	<u>2,906,807</u>	<u>1,428,837</u>	<u>6,064,996</u>
Net assets at end of year	<u>\$ 3,811,067</u>	<u>\$ 2,539,292</u>	<u>\$ 1,428,837</u>	<u>\$ 7,779,196</u>	<u>\$ 2,640,129</u>	<u>\$ 2,855,016</u>	<u>\$ 1,428,837</u>	<u>\$ 6,923,982</u>

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

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2010

	Program Services			Supporting Services				Total
	Research	Public Information	Total	Management and General	Fund Raising	Direct Benefit to Donors	Total	
Compensation and related expenses:								
Salaries and wages	\$ 56,100	\$ -	\$ 56,100	\$ 372,031	\$ 2,000	\$ -	\$ 374,031	\$ 430,131
Payroll taxes	5,198	-	5,198	39,957	93	-	40,050	45,248
Employee benefits	16,461	-	16,461	57,591	293	-	57,884	74,345
Total compensation and related expenses	77,759	-	77,759	469,579	2,386	-	471,965	549,724
Research grants:								
Grants awarded	723,303	-	723,303	-	-	-	-	723,303
Occupancy:								
Rent	-	-	-	119,829	-	-	119,829	119,829
Utilities	-	-	-	9,729	-	-	9,729	9,729
Property and casualty insurance	-	-	-	20,114	258	-	20,372	20,372
Repairs and maintenance	-	-	-	6,778	-	-	6,778	6,778
Telephone	175	-	175	16,011	37	-	16,048	16,223
Event facility rental	3,375	-	3,375	-	26,313	-	26,313	29,688
Professional fees:								
Accounting and legal	-	-	-	78,215	5,040	-	83,255	83,255
Consulting and computer support	-	-	-	54,265	17,950	-	72,215	72,215
Outside services	445	-	445	79,833	56,410	-	136,243	136,688
Administration:								
Mailing, printing, and postage	61	-	61	12,813	199,429	-	212,242	212,303
Office and miscellaneous	2,512	-	2,512	33,505	9,457	-	42,962	45,474
Equipment rental	-	-	-	17,030	7,150	-	24,180	24,180
Bank charges	-	-	-	12,538	9,490	-	22,028	22,028
Professional fundraising fees	-	-	-	-	50,000	-	50,000	50,000
Meals and entertainment	9,465	-	9,465	3,400	147,993	72,459	223,852	233,317
Travel	27,667	-	27,667	10,448	16,100	-	26,548	54,215
Conferences and meetings	-	-	-	601	4,256	-	4,857	4,857
Advertising and public relations	-	-	-	1,770	31,352	-	33,122	33,122
Website development	194	-	194	498	3,208	-	3,706	3,900
Amortization of gift annuity	-	-	-	8,457	-	-	8,457	8,457
Bad debts	-	-	-	3,391	150	-	3,541	3,541
Total expenses before depreciation	844,956	-	844,956	958,804	586,979	72,459	1,618,242	2,463,198
Depreciation	-	-	-	10,749	-	-	10,749	10,749
Total expenses	844,956	-	844,956	969,553	586,979	72,459	1,628,991	2,473,947
Less expenses included with revenues on the statement of activities	-	-	-	-	-	(72,459)	(72,459)	(72,459)
Total expenses included in the expense section of the statement of activities	\$ 844,956	\$ -	\$ 844,956	\$ 969,553	\$ 586,979	\$ -	\$ 1,556,532	\$ 2,401,488

(Continued)

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

Year Ended December 31, 2009

	Program Services			Supporting Services				Total
	Research	Public Information	Total	Management and General	Fund Raising	Direct Benefit to Donors	Total	
Compensation and related expenses:								
Salaries and wages	\$ 9,692	\$ -	\$ 9,692	\$ 544,952	\$ -	\$ -	\$ 544,952	\$ 554,644
Payroll taxes	-	-	-	63,942	-	-	63,942	63,942
Employee benefits	-	-	-	100,951	-	-	100,951	100,951
Total compensation and related expenses	9,692	-	9,692	709,845	-	-	709,845	719,537
Research grants:								
Grants awarded	985,382	-	985,382	-	-	-	-	985,382
Occupancy:								
Rent	2,161	-	2,161	108,936	-	-	108,936	111,097
Utilities	-	-	-	9,608	-	-	9,608	9,608
Property and casualty insurance	-	-	-	17,494	-	-	17,494	17,494
Repairs and maintenance	-	-	-	7,989	-	-	7,989	7,989
Telephone	1,074	-	1,074	15,238	302	-	15,540	16,614
Event facility rental	9,895	1,065	10,960	-	41,127	-	41,127	52,087
Professional fees:								
Accounting and legal	1,266	-	1,266	95,069	561	-	95,630	96,896
Consulting and computer support	-	-	-	27,595	68,500	-	96,095	96,095
Outside services	69	-	69	81,096	8,354	-	89,450	89,519
Administration:								
Mailing, printing and postage	187	2,384	2,571	16,245	145,549	-	161,794	164,365
Office and miscellaneous	971	157	1,128	19,779	46,536	-	66,315	67,443
Equipment rental	-	-	-	19,004	8,203	-	27,207	27,207
Bank charges	302	-	302	21,136	704	-	21,840	22,142
Professional fundraising fees	-	-	-	-	54,586	-	54,586	54,586
Meals and entertainment	2,486	3,346	5,832	3,126	36,551	227,994	267,671	273,503
Conferences and meetings	20,163	1,505	21,668	11,075	105,833	-	116,908	138,576
Advertising and public relations	-	934	934	3,045	33,790	-	36,835	37,769
Website development	-	175	175	1,698	496	-	2,194	2,369
Amortization of gift annuity	-	-	-	9,642	-	-	9,642	9,642
Bad debts	-	-	-	21,465	2,250	-	23,715	23,715
Total expenses before depreciation	1,033,648	9,566	1,043,214	1,199,085	553,342	227,994	1,980,421	3,023,635
Depreciation	-	-	-	11,966	-	-	11,966	11,966
Total expenses	1,033,648	9,566	1,043,214	1,211,051	553,342	227,994	1,992,387	3,035,601
Less expenses included with revenues on the statement of activities	-	-	-	-	-	(227,994)	(227,994)	(227,994)
Total expenses included in the expense section of the statement of activities	<u>\$ 1,033,648</u>	<u>\$ 9,566</u>	<u>\$ 1,043,214</u>	<u>\$ 1,211,051</u>	<u>\$ 553,342</u>	<u>\$ -</u>	<u>\$ 1,764,393</u>	<u>\$ 2,807,607</u>

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

ISRAEL CANCER RESEARCH FUND, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Increase in net assets	\$ 855,214	\$ 858,986
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	10,749	11,966
Deferred rent expense	22,101	10,441
Net realized and unrealized loss (gain) on investments	54	(297)
Changes in assets and liabilities:		
(Increase) decrease in:		
Unconditional promises to give	65,461	(524,545)
Prepaid expenses and other current assets	28,868	(13,911)
Deposits	2,559	(15,142)
Increase (decrease) in:		
Accounts payable and accrued expenses	(89,843)	20,729
Research grants payable	(101,250)	108,750
Gift annuities payable	<u>(22,977)</u>	<u>(24,345)</u>
Net cash provided by operating activities	<u>770,936</u>	<u>432,632</u>
Cash flows from investing activities:		
Net purchases and sales of marketable securities	(1,937)	55,380
Purchase of equipment and improvements	<u>(10,508)</u>	<u>(20,007)</u>
Net cash provided by (used in) investing activities	<u>(12,445)</u>	<u>35,373</u>
Net increase in cash and cash equivalents	758,491	468,005
Cash and cash equivalents:		
Beginning of year	<u>4,197,882</u>	<u>3,729,877</u>
End of year	<u>\$ 4,956,373</u>	<u>\$ 4,197,882</u>

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

1. Summary of Significant Accounting Policies

Nature of Activities

Israel Cancer Research Fund, Inc. (the "Organization") was created as a nonprofit corporation in August 1975 to support cancer research in Israel. The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization is supported primarily through donor contributions, and maintains chapters and offices in New York, California, and Illinois.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. The Organization uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Reclassification

Certain items in last year's financial statements have been reclassified to conform with the current year presentation.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Restricted Cash

The temporarily and permanently restricted cash represents funds received from donors restricted for research grants.

Marketable Securities

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. See Note 3 for discussion of fair value measurements.

Investment Pools

The Organization maintains master investment accounts for its donor-restricted endowments. Income from securities in the master investment accounts are allocated monthly to the individual endowments based on the relationship of the market value of each endowment to the total market value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

Deferred Rent Payable

Deferred rent payable represents the excess of recognized rental expense over scheduled op-

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2010 and 2009

erating lease facility payments. This amount will be credited to future operations.

Net Assets Released from Restrictions

Support and other revenues restricted by donors are recorded initially as increases in temporarily restricted net assets in the reporting period in which the income and gains are recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Equipment and Improvements and Depreciation

All acquisitions of equipment and improvements above a certain amount are capitalized. Also, expenditures for repairs and maintenance that materially prolong the useful lives of assets are capitalized. Equipment and improvements are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed primarily using the straight-line method. Leasehold improvements are depreciated over the lower of the asset's life or the term of the lease for office space. When equipment and improvements are retired, sold, or otherwise disposed of, the asset's carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in the Organization's activities.

Donated Assets

Donated marketable securities and other non-cash donations are recorded as contributions at their fair values at the date of donation.

Promises to Give

"Promises to Give" includes bequests that the Organization has been informed of, that it is a beneficiary from the estates of donors of blessed memory. In the case of bequests, the Organization records the best estimate of the anticipated bequest based on information available.

Unconditional promises to give are recognized as revenues (or gains) in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions are met and the promises become unconditional (see Note 2).

Restricted and Unrestricted Revenue

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. Contributions without specific donor designation are recognized as unrestricted contributions.

The Organization has received gifts to establish endowments. The principal portion of permanent endowments is held in perpetuity and recorded as permanently restricted net assets. The principal portion of endowments that allow for the use of principal under certain conditions is recorded as temporarily restricted net assets. The income and net appreciation on endowments is recorded as unrestricted, temporarily restricted, or permanently restricted, as specified by the donors.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2010 and 2009

Donated Services

The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. No amounts have been reflected in the financial statements for donated services.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefits.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1). The Organization's most recent determination letter from the Internal Revenue Service is dated February 1976. This status was confirmed by the Internal Revenue Service on December 7, 2006.

Generally accepted accounting principles in the United States of America ("GAAP") clarify the accounting for uncertainty in income taxes recognized in a company's financial statements by prescribing a minimum recognition

threshold a tax position is required to meet before being recognized in the financial statements. The Organization adopted this standard as of January 1, 2009. The Organization has determined that it has no uncertain tax positions that require either recognition or disclosure in the financial statements.

The Organization's information returns for 2007 through 2010 are subject to federal, state and local tax examinations by tax authorities.

2. Promises to GiveUnconditional Promises to Give

Eight of the Organization's "Unconditional Promises to Give" are multi-year pledges. Three of them are considered to be temporarily restricted. In accordance with generally accepted accounting principles, these pledges are recorded on the pledge date as contributions based on the present value of the gift on that date.

Unconditional promises to give at December 31, 2010 and 2009, are as follows:

	2010	2009
Bequests:		
Unrestricted	\$ 245,814	\$ 40,612
Restricted for research grants	-	53,900
Pledges and other promises:		
Unrestricted	535,000	530,000
Restricted for research grants	1,383,000	1,695,000
Accounts receivable	60,756	10,000
	<u>\$ 2,224,570</u>	<u>\$ 2,329,512</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2010 and 2009

	2010	2009
Receivable in less than one year	\$ 550,570	\$ 569,513
Receivable in one to five years	1,324,000	1,360,000
Receivable in more than five years	350,000	400,000
Total unconditional promises to give	2,224,570	2,329,513
Less discounts to net present value	(514,803)	(554,285)
Less allowance for uncollectible promises receivable	-	-
Net unconditional promises to give at December 31, 2010	<u>\$ 1,709,767</u>	<u>\$ 1,775,228</u>

Unconditional promises to give due in more than one year are reflected at the net present value of estimated future cash flows using discount rates of 4.95% to 11.62% depending upon the date pledged.

Conditional Promises to Give

On December 23, 2004, a foundation entered into a pledge agreement with the Organization to fund four \$25,000 Research Fellowships annually for a twenty-year period, commencing in 2003 (based on a gift given during 2003 in anticipation of the conclusion of this pledge agreement). This agreement is subject to conditions that potentially could not be met; therefore, this is treated as a Conditional Promise to Give and is recorded each year in the financial statements as revenue, as the conditions for that year have been met. The total nominal value of this contribution at the date of gift was \$2,000,000 and had a present value of \$1,308,532 on the date of the pledge. This was based on a discount rate of 5 percent, which was judged as the appropriate market based rate on the date of the pledge. The nominal value of this pledge at December 31, 2009 was \$1,300,000. The present value of this pledge at December 31, 2009 was

\$700,963. The Organization has not received the funding for four \$25,000 research fellowships awarded in 2009 (see Note 17). The Organization has met the requirements of this pledge agreement and as a result, \$100,000 has been recognized as a unrestricted receivable during 2009. Due to the breach by the Foundation in 2010, the Organization suspended fellowship awards under this pledge agreement. Because of the failure to fund the fellowships, the nominal value of this pledge at December 31, 2010 and 2009 remained at \$1,300,000 and the present value of this pledge at December 31, 2010 and 2009 remained at \$700,963.

3. Investments

The Organization accounts for its investments at fair value. GAAP has established a framework for measuring fair value that is based on a hierarchy which prioritizes the inputs to valuation techniques according to the degree of objectivity necessary. The fair value hierarchy of the inputs to valuation techniques used to measure fair value is divided into three broad levels of objectivity:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Inputs to the valuation methodology include
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2010 and 2009

- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables present the Organization's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2010 and 2009:

	December 31, 2010			
	Level 1	Level 2	Level 3	Total
Equity securities:				
Domestic and foreign	\$ 761	\$ -	\$ -	\$ 761
Fixed income securities:				
Other U.S. and foreign government bonds	67,607	-	-	67,607
	<u>\$ 68,368</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,368</u>

	December 31, 2009			
	Level 1	Level 2	Level 3	Total
Equity securities:				
Domestic and foreign	\$ 1,668	\$ -	\$ -	\$ 1,668
Fixed income securities:				
Other U.S. and foreign government bonds	64,818	-	-	64,818
	<u>\$ 66,486</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,486</u>

Level 1 Gains and Losses

Investment return for the years ended December 31, 2010 and 2009 and its classification in the statements of activities is summarized as follows:

	2010	2009
Investment income:		
Interest and dividends	\$ 3,494	\$ 14,743
Net realized and unrealized gains/(losses) on investments:		
Unrealized gains/(losses)	54	(297)
	<u>\$ 3,548</u>	<u>\$ 14,446</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2010 and 2009

4. Equipment and Improvements

As of December 31, 2010 and 2009, equipment and improvements consist of the following:

	<u>2010</u>	<u>2009</u>
Leasehold improvements	\$ 4,883	\$ -
Equipment	69,791	68,250
Furniture and fixtures	<u>21,937</u>	<u>19,639</u>
	96,611	87,889
Accumulated depreciation	<u>55,270</u>	<u>46,307</u>
	<u>\$ 41,341</u>	<u>\$ 41,582</u>

Depreciation expense amounted to \$10,749 and \$11,966 for the years ended December 31, 2010 and 2009, respectively.

5. Research Grants Payable**Grants Authorized But Unpaid**

Grants of \$472,500 and \$573,750, authorized but unpaid as of December 31, 2010 and 2009, respectively, are reported as liabilities.

Conditional Grants

Conditional grant obligations, which are not included in the accompanying statements of financial position, are dependent upon approval by the Scientific Review Panel and the Organization's ability to pay. Expected future obligations by grant year, which generally runs from September through August, as of December 31, 2010, are as follows:

<u>Grant Year</u>	<u>Expected Awards</u>
2011-12	\$ 1,425,000
2012-13	800,000
2013-14	450,000
2014-15	300,000
2015-16	250,000
Thereafter	<u>150,000</u>
	<u>\$ 3,375,000</u>

6. Split-Interest Agreements**Charitable Gift Annuities**

A charitable gift annuity is an arrangement between a donor and the Organization in which the donor contributes assets to the Organization in exchange for a promise by the Organization to pay a fixed amount for a specified period of time to the donor or to individuals or organizations designated by the donor. Assets received by the Organization under such agreements are recorded at fair value on the date of execution. In the case of annuities to be paid over the remaining lives of the beneficiaries, an annuity liability is recorded based on life expectancy tables published by the Internal Revenue Service for retirement distributions, which the Organization believes to be a reasonable actuarial estimate for this type of split-interest agreement. The difference between the fair value of the assets donated and the annuity liability is recorded as unrestricted contribution revenue, unless donor-imposed restrictions or state law require other recognition. Amortization over the term of an annuity is provided for using a discount rate equal to the yield, at the date of execution, indicated by Merrill Lynch's index for "AAA"-rated

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corporate bonds with maturities in the range of the annuity term.

The annual change in value of such split-interest agreements of \$8,457 and \$9,642 in 2010 and 2009, respectively, is recognized in the accompanying statements of activities.

7. Temporarily Restricted Net Assets

Temporarily restricted net assets of \$2,539,292 and \$2,855,016 as of December 31, 2010 and 2009, respectively, are available for subsequent years' grant awards and other program activities. These amounts include \$1,579,027 and \$1,568,984 as of December 31, 2010 and 2009, respectively, of endowments and investment returns on permanent endowments and \$960,265 and \$1,286,302 as of December 31, 2010 and 2009, respectively, arising from promises to give and other assets.

8. Endowment Funds

Permanently restricted net assets as of December 31, 2010 and 2009 consist of endowment funds to support cancer research in Israel. Contributions to the endowment funds are subject to donor restrictions that stipulate the original principal of the gift is to be held and invested by the Organization indefinitely and income from the funds is to be expended for cancer research in Israel. The historic dollar value of those contributions must be maintained inviolate. Income from the fund is classified as temporarily restricted net assets until the purpose of the restriction is satisfied. When the purpose of the restriction

is met, the net assets are reclassified to unrestricted net assets.

All donor-restricted endowment funds are invested in fixed income instruments pursuant to the Organization's investment and spending objectives of subjecting the funds to low investment risk and providing current income. The Organization generally expends the endowment funds' investment income for the donor-designated purpose when sufficient funds are available.

The composition of endowment net assets for these funds and the changes in endowment net assets as of December 31, 2010 and 2009 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2009	\$ 1,468,009	\$ 1,428,837	\$ 2,896,846
Contributions	205,422	-	205,422
Investment income	10,553	-	10,553
Program expenditures	(115,000)	-	(115,000)
Endowment net assets, December 31, 2009	1,568,984	1,428,837	2,997,821
Contributions	184,721	-	184,721
Investment income	322	-	322
Program expenditures	(175,000)	-	(175,000)
Endowment net assets, December 31, 2010	\$ 1,579,027	\$ 1,428,837	\$ 3,007,864

9. Description of Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Research

The Organization annually awards grants to research scientists in Israel. Scientists send

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proposals to the Organization. These proposals are then graded and scored by the Organization's Scientific Review Panels. The proposals are finally reviewed by the Organization's International Scientific Council, which presents recommendations to the Organization's International Board of Trustees, through its Chairman, for approval.

Grants are made by the Organization based on the evaluations of the International Scientific Council and the amount of funding available to support the grant proposals. The Organization has always had more proposals worthy of funding than funds available.

The Organization awards six types of grants, as follows:

- (a) Distinguished Chairs, which are awarded to full-time senior faculty or persons in equivalent positions, and who have been honored with top international awards, such as a Nobel Prize, for their outstanding contributions to cancer research. The current grant for a Distinguished Chair is \$200,000 per year for five years, or a total of \$1,000,000.
- (b) Professorships, which are awarded to full-time senior faculty or persons in equivalent positions who have made outstanding contributions to cancer research. The current grant for a Professorship is \$50,000 per year for seven years, or a total of \$350,000.
- (c) Clinical Research Career Development Awards, which are awarded to promising young medical or pediatric oncologists to afford them time to conduct clinical

research projects and to obtain additional training to become leaders in clinical research programs. The current grant for a Clinical Research Career Development Award is \$45,000 per year for three years, or a total of \$135,000.

- (d) Research Career Development Awards, which are awarded to promising cancer researchers who have advanced beyond the postdoctoral level and are well on their way to becoming outstanding independent investigators. The current grant for a Research Career Development Award is \$35,000 per year for three years, or a total of \$105,000.
- (e) Project Grants, which are awarded to support the research of established investigators working on specific projects. The current grant for a Project Grant is \$30,000 per year for two years, or a total of \$60,000.
- (f) Postdoctoral Fellowships, which are awarded to new M.D.s and Ph.D.s who will apprentice in the laboratories of senior investigators. The current grant for a Postdoctoral Fellowship is \$25,000 per year for two years, or a total of \$50,000.

During 2010, the Organization funded scientists at 7 research institutions in Israel. The Organization has arranged that all funds granted are provided to the scientists for research, with no overhead charge paid to the institutions.

Scientists funded by the Organization have done outstanding work, conducting basic

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research which has led to effective prescription medications. Two scientists funded by the Organization were awarded the Nobel Prize in Chemistry in 2004.

All grants awarded by the Organization are contingent upon the awardees conducting the specific research contemplated in their proposals and upon the Organization having sufficient means to make payments to the awardees.

Although it is frequently the intention of the Organization to award grants that will extend over multiple years, each multi-year grant is subject to an annual review and re-approval by the International Scientific Council. Accordingly, only the amount of grants awarded or approved in the current year is reported as an expense in the accompanying financial statements.

Public Information

The Organization publishes information that encourages an understanding of all aspects of cancer, its treatments and the research that is ongoing in Israel and across the globe to stem the spread and devastation of the disease.

Management and General

Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy; secure proper administrative functioning of the International Board of Trustees; maintain competent legal services for the program administration of the Organi-

zation; and manage the financial and budgetary responsibilities of the Organization.

Management and general expenses accounted for 40.4% and 43.1% of total expenses for the years ended December 31, 2010 and 2009, respectively.

Fund-Raising

Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations. Fund-raising activities represented 24.4% and 19.7% of the Organization's total expenses for the years ended December 31, 2010 and 2009, respectively.

10. Advertising

The Organization uses advertising and public relations services to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred. During 2010 and 2009, advertising and public relations costs totaled \$33,122, or 1.4%, and \$37,769, or 1.3%, respectively, of total expenses.

11. Employee Benefit Plans

Tax-Deferred Annuity Plan

The Organization maintains a tax-deferred annuity plan ("Plan") qualified under Section 403(b) of the Internal Revenue Code. When employees are hired they are eligible to participate in the Plan. The Plan covers all eligible employees of the Organization who have elected to participate in the Plan. The Organization contributes 2% of gross salaries

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for qualified employees to the Plan. Employees may make contributions to the Plan up to the maximum amount allowed by the Internal Revenue Code if they wish. In 2010 and 2009, plan expense, representing the Organization's contributions to the Plan, was approximately \$6,700 and \$8,300, respectively.

12. Financial Instruments

Concentrations of Credit Risk Due to Temporary Cash Investments and Promises to Give Receivable

Financial instruments that potentially subject the Organization to credit risk consist principally of temporary cash investments and receivables from promises to give. The Organization places its temporary cash investments with several brokerage firms; thereby limiting the amount of credit exposure to any one brokerage firm. The accounts at each brokerage firm contain cash and securities. Balances are insured up to \$500,000, with a limit of \$100,000 for cash, by the Securities Investor Protection Corporation ("SIPC"). As of December 31, 2010 and 2009, the Organization had approximately \$4,840,000 and \$3,870,000, respectively, in excess of SIPC insured limits.

Concentrations of credit risk with respect to promises receivable depend on the number of contributors comprising the Organization's contributor base and their dispersion across different industries and geographic areas. As of December 31, 2010 and 2009, 76% and 79%, respectively, of the Organization's receivables from promises to give were from four donors and three donors, respectively.

Included in these promises to give, one donor (the Foundation) represented 31% and 21% of the Organization's outstanding receivables, as of December 31, 2010 and 2009, respectively. The Foundation's promises to give are discussed in Notes 2 and 17.

Concentrations of Risk of Loss Arising from Cash Deposits in Excess of Insured Limits

The Organization maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to the FDIC insured limit. As of December 31, 2010 and 2009, the Organization's uninsured cash balances totaled approximately \$180,000 and \$610,000, respectively.

Fair Values of Financial Instruments

The Organization has a number of financial instruments, consisting primarily of U.S. Treasury securities, other government bonds, certificates of deposit and high-grade corporate bonds. The Organization has determined that the fair value of all financial instruments as of December 31, 2010 and 2009, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position (Note 3).

13. Commitments

Lease Commitments

The Organization has noncancelable operating leases for offices in New York and California and parking spaces in California that expire at

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various dates through February, 2017. Rental expenses for those leases were \$119,634 and \$108,166 for the years ended December 31, 2010 and 2009, respectively.

In 2010 the Organization vacated the previous office space in California. The Organization signed a non-cancellable operating lease expiring March, 2015. This lease was effective April, 2010.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 2010, including the new lease referred to above, are:

<u>Years Ending December 31,</u>	<u>Minimum Payments</u>
2011	\$ 122,150
2012	125,450
2013	128,851
2014	136,197
2015	114,661
Thereafter	<u>132,184</u>
	<u>\$ 759,493</u>

14. Related Entities

The Organization has three affiliates that serve as local chapters of the Organization in Canada and Israel. The Organization has no ownership or voting interests in these local chapters. However, agreements between the local chapters and the Organization give the Organization involvement in the awarding of research grants by the local chapters through its International Board of Trustees and Scientific Review Panels. The Organization awarded \$1,180,000 and \$1,105,000 of grants on behalf of its Canadian and Israeli affiliates in 2010 and 2009, respectively.

15. Intangible Assets

In March 2004, the Organization invested \$250,000 in the development of a park in Israel. In return, the Organization received naming rights to the park and the right to construct a "Donor Wall" in the park. It is the Organization's plan to offer organizations or individuals, on a fee basis, the right to name the park and its physical assets (benches, gazebos, etc.) and to inscribe the names of large donors on the Donor Wall. An initial donation of \$219,107 has already been made by an estate to offset the costs of the park in return for a marker stone naming the donor. Consequently, the Organization has capitalized the development cost of \$250,000 in the accompanying statement of financial position. The Organization has not yet implemented a capital plan to attract these contributions, but plans to implement such a plan in the future. At such time as expected future cash flows can be reasonably estimated, an amortization life will be assigned to the intangible asset in order to properly match the expense associated with the acquisition of the asset to the periods of benefit.

16. Costs of Joint Activities**Direct Mail**

The Organization may achieve some of its programmatic and management and general goals in direct mail campaigns that include requests for contributions. If certain criteria related to the purpose, audience and content of the mailings are met, joint costs that are not directly attributable to either the program or management and general components, or the fund-raising component, of the mailing are

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allocated based on the relative importance of each function to the campaign. For the years ended December 31, 2010 and 2009, all costs related to direct mail campaigns were attributable to fund-raising.

Special Events

The Organization conducts special events during the course of the year, such as an annual dinner, educational seminars, and other events intended to further the mission of the Organization and to solicit funds for the continued support of that mission. If certain criteria related to the purpose, audience and content of the event are met, costs incurred jointly to support the program or management and general functions, and the fund-raising functions of the event, are allocated to the appropriate functional categories in the statement of functional expenses. If the criteria related to the purpose, audience and content of the event are not met, all costs of the event are considered fund-raising expenses. In all cases, the cost of goods or services provided in an exchange transaction that is part of the joint activity, such as costs of direct donor benefits of a special event (e.g., a meal) is not reported as fundraising costs but rather as a net reduction of special event income in the statement of activities. For the years ended December 31, 2010 and 2009, all special event expenses, except for the cost of direct benefit to donors, were attributable to fund-raising.

17. Contingency

The Organization has entered into two pledge agreements with a foundation. Under those pledges, there was one unconditional promise

to give \$50,000 per year, for a term of twenty-one years and one conditional promise to give \$100,000 per year for twenty years.

Currently, payment of certain amounts under those pledges is delinquent, and there is some question as to whether the Organization will receive the delinquent amounts. It is also not clear whether the foundation will continue to make future payments under its pledge agreements. If it is determined that the foundation will not fulfill its obligations under the pledge agreements, then the Organization will be required to recognize a charge of \$333,792 representing the present value receivable outstanding at December 31, 2010 and two \$50,000 receivables for 2010 and 2009 due at December 31, 2010 and 2009, respectively under the unconditional pledge, as well as a charge of \$100,000, representing delinquent pledges receivable from 2009 under the terms of the conditional promise to give.

In addition, the Organization has funded \$150,000 of research grants for the 2009-10 grant year relying on the expectation that the foundation would fulfill the terms of the unconditional and conditional promises to give. If the foundation does not fulfill its obligations, the Organization will not fund grants other than the \$150,000 of receivable grants for the 2009-10 grant year. In addition, the Organization will be required to recognize a charge in 2011 for \$100,000, representing the revenue recorded in 2009 based on the conditional promise to give that became unconditional in 2009, and \$14,466 and \$12,689, representing the portion of revenues recorded in 2010 and 2009, respectively, based on the unconditional promise to give.

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18. Subsequent Events

The Organization has evaluated subsequent events through, September 6, 2011 the date the financial statements were available to be issued. The Organization has no material subsequent events requiring disclosure.