ISRAEL CANCER RESEARCH FUND, INC.

FINANCIAL STATEMENTS

Years Ended December 31, 2011 and 2010

AND
INDEPENDENT AUDITORS' REPORT

CONTENTS

December 31, 2011 and 2010

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, 2011 and 2010, 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, 2011 and 2010, 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
August 27, 2012

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STATEMENTS OF FINANCIAL POSITION

December 31, 2011 and 2010

	2011	2010
Assets		
Current assets:		
Cash and cash equivalents:		
Bank deposits	$ 1,513,322	$ 1,014,218
Money market, unrestricted	2,516,510	2,503,280
Money market, temporarily restricted	1,386,304	1,438,875
Total cash and cash equivalents	5,416,136	4,956,373
Marketable securities	87,049	68,369
Unconditional promises to give, current portion	1,356,492	505,668
Prepaid expenses and other current assets	46,411	52,000
Total current assets	6,906,088	5,582,410
Equipment and improvements, net	55,998	41,341
Other assets:		
Money market, permanently restricted	678,836	1,428,823
U.S. treasury bonds, permanently restricted	752,498	-
Unconditional promises to give, net of current portion	1,158,207	1,204,099
Park naming rights	250,000	250,000
Deposits	19,342	19,342
Total assets	$ 9,820,969	$ 8,526,015
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	$ 156,812	$ 108,449
Research grants payable	666,250	472,500
Gift annuities payable, current portion	25,546	24,228
Total current liabilities	848,608	605,177
Other liabilities:		
Deferred rent payable	35,399	32,542
Gift annuities payable, net of current portion	83,554	109,100
Total liabilities	967,561	746,819
Commitments and contingency		
Net assets:		
Unrestricted	4,507,875	3,811,067
Temporarily restricted	2,916,696	2,539,292
Permanently restricted	1,428,837	1,428,837
Total net assets	8,853,408	7,779,196
Total liabilities and net assets	$ 9,820,969	$ 8,526,015

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

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2011 and 2010

	2011				2010			
	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	$ 1,501,936	$ 1,142,413	$ -	$ 2,644,349	$ 1,834,946	$ 333,909	$ -	$ 2,168,855
Investment income, net	480	3,491	-	3,971	3,181	367	-	3,548
Special event income	1,863,800	-	-	1,863,800	1,156,758	-	-	1,156,758
Less cost of direct benefit to donors	(274,381)	-	-	(274,381)	(72,459)	-	-	(72,459)
Donated Services	527,486	-	-	527,486	-	-	-	-
Net assets released from restrictions	768,500	(768,500)	-	-	650,000	(650,000)	-	-
Total revenues and public support	4,387,821	377,404	-	4,765,225	3,572,426	(315,724)	-	3,256,702
Expenses:								
Program services:								
Research	1,522,801	-	-	1,522,801	844,956	-	-	844,956
Public information	68,195	-	-	68,195	-	-	-	-
Total program services	1,590,996	-	-	1,590,996	844,956	-	-	844,956
Supporting services:								
Management and general	1,067,771	-	-	1,067,771	969,553	-	-	969,553
Fund-raising	1,032,246	-	-	1,032,246	586,979	-	-	586,979
Total supporting services	2,100,017	-	-	2,100,017	1,556,532	-	-	1,556,532
Total expenses	3,691,013	-	-	3,691,013	2,401,488	-	-	2,401,488
Increase (decrease) in net assets	696,808	377,404	-	1,074,212	1,170,938	(315,724)	-	855,214
Net assets at beginning of year	3,811,067	2,539,292	1,428,837	7,779,196	2,640,129	2,855,016	1,428,837	6,923,982
Net assets at end of year	$ 4,507,875	$ 2,916,696	$ 1,428,837	$ 8,853,408	$ 3,811,067	$ 2,539,292	$ 1,428,837	$ 7,779,196

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

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2011

	Program Services			Supporting Services				
	Research	Public Information	Total	Management and General	Fund Raising	Direct Benefit to Donors	Total	Total
Compensation and related expenses:								
Salaries and wages	$ 95,407	$ 27,695	$ 123,102	$ 272,075	$ 226,808	$ -	$ 498,883	$ 621,985
Payroll taxes	7,848	2,354	10,202	21,094	18,260	-	39,354	49,556
Employee benefits	24,634	4,061	28,695	38,886	40,942	-	79,828	108,523
Total compensation and related expenses	127,889	34,110	161,999	332,055	286,010	-	618,065	780,064
Research grants:								
Grants awarded	1,095,000	-	1,095,000	-	-	-	-	1,095,000
Occupancy:								
Rent	21,800	6,358	28,158	44,565	45,417	-	89,982	118,140
Utilities	2,010	586	2,596	1,592	4,188	-	5,780	8,376
Property and casualty insurance	102	-	102	15,401	-	-	15,401	15,503
Repairs and maintenance	1,449	423	1,872	1,207	3,019	-	4,226	6,098
Telephone	2,646	742	3,388	7,091	5,558	-	12,649	16,037
Event facility rental	31,347	55	31,402	-	108,181	-	108,181	139,583
Professional fees:								
Accounting and legal	-	-	-	48,625	9,386	-	58,011	58,011
Consulting and computer support	-	-	-	22,020	93,341	-	115,361	115,361
Outside services	-	-	-	60,708	13,187	-	73,895	73,895
Administration:								
Mailing, printing, and postage	5,913	769	6,682	15,168	243,568	-	258,736	265,418
Office and miscellaneous	2,927	683	3,610	33,223	34,490	-	67,713	71,323
Equipment rental	1,842	537	2,379	6,767	11,437	-	18,204	20,583
Bank charges	76	62	138	11,705	16,686	-	28,391	28,529
Meals and entertainment	34,495	14,581	49,076	2,772	93,710	274,381	370,863	419,939
Travel	21,292	1,100	22,392	21,984	12,986	-	34,970	57,362
Conferences and meetings	-	-	-	1,596	4,018	-	5,614	5,614
Advertising and public relations	7,500	7,500	15,000	7,369	36,445	-	43,814	58,814
Website development	565	-	565	187	3,100	-	3,287	3,852
Amortization of gift annuity	-	-	-	7,207	-	-	7,207	7,207
Bad debts	-	-	-	59,215	2,599	-	61,814	61,814
Total expenses before depreciation and donated services	1,356,853	67,506	1,424,359	700,457	1,027,326	274,381	2,002,164	3,426,523
Depreciation	2,362	689	3,051	3,414	4,920	-	8,334	11,385
Donated services	163,586	-	163,586	363,900	-	-	363,900	527,486
Total expenses	1,522,801	68,195	1,590,996	1,067,771	1,032,246	274,381	2,374,398	3,965,394
Less expenses included with revenues on the statement of activities	-	-	-	-	-	(274,381)	(274,381)	(274,381)
Total expenses included in the expense section of the statement of activities	$ 1,522,801	$ 68,195	$ 1,590,996	$ 1,067,771	$ 1,032,246	$ -	$ 2,100,017	$ 3,691,013

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

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2010

	Program Services			Supporting Services				
	Research	Public Information	Total	Management and General	Fund Raising	Direct Benefit to Donors	Total	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			
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

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

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Increase in net assets	$ 1,074,212	$ 855,214
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	11,385	10,749
Donated marketable securities	(217,680)	(109,263)
Deferred rent expense	2,857	22,101
Net realized and unrealized loss (gain) on investments	634	3
Changes in assets and liabilities:		
(Increase) decrease in:		
Unconditional promises to give	(804,932)	65,461
Prepaid expenses and other current assets	5,589	28,868
Deposits	-	2,559
Increase (decrease) in:		
Accounts payable and accrued expenses	48,363	(89,843)
Research grants payable	193,750	(101,250)
Gift annuities payable	(24,228)	(22,977)
Net cash provided by operating activities	289,950	661,622
Cash flows from investing activities:		
Net purchases, sales and redemption of marketable securities	195,855	107,377
Purchase of equipment and improvements	(26,042)	(10,508)
Net cash provided by (used in) investing activities	169,813	96,869
Net increase in cash and cash equivalents	459,763	758,491
Cash and cash equivalents:		
Beginning of year	4,956,373	4,197,882
End of year	$ 5,416,136	$ 4,956,373

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

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. The Organization has affiliates in Toronto, Montreal and Jerusalem.

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 operating 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, including bonds and other noncash 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. Accrued interest on U.S. treasury bonds is included as permanently restricted other assets until the cash is received.

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, and various committee assignments. In accordance with ASC 958-605-25-16, *Contributed Services*, the Organization recognizes contributions of services only if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Donated professional services as part of a program, fundraising activity, or general and administrative expense are recorded as in-kind contributions in the accompanying financial statements at their fair value on date of use or receipt to the extent that such amounts can be reasonably estimated.

In 2011, the value of such services was computed for the hourly rates of scientists that are on the Scientific Review Panel for the awarding of research grants (Note 9) and lawyers of Latham & Watkins, LLP that performed pro-bono work for matters regarding unpaid promises to give. For the year ended December 31, 2011, the Organization received \$163,586 and \$363,900, in program research and supporting management and general services, respectively.

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 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 2008 through 2011 are subject to federal, state and local tax examinations by tax authorities.

2. Promises to Give

Unconditional 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, 2011 and 2010, are as follows:

	2011	2010
Bequests:		
Unrestricted	$ 650,501	$ 245,814
Restricted for research grants	25,000	-
Pledges and other promises:		
Unrestricted	466,250	535,000
Restricted for research grants	1,702,000	1,383,000
Accounts receivable	165,909	60,756
	$ 3,009,660	$ 2,224,570

Receivable in less than one year	$ 1,426,160	$ 550,570
Receivable in one to five years	1,283,500	1,324,000
Receivable in more than five years	300,000	350,000
Total unconditional promises to give	3,009,660	2,224,570
Less discounts to net present value	(494,961)	(514,803)
Less allowance for uncollectible promises receivable	-	-
Net unconditional promises to give at December 31, 2011 and 2010	$ 2,514,699	$ 1,709,767

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

During the year ended December 31, 2011 the Organization received a $25,000 contribution paid in full, contingent on the Organization establishing the Laureate Circle in New York, a premier group to recognize supporters. As of December 31, 2011 this amount is included in accounts payable and accrued expenses.

Settlement for Unconditional and 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. The Organization has met the requirements of this pledge agreement and as a result, $100,000 has been recognized as an unrestricted receivable during 2009. Due to the breach by the Foundation in 2010, the Organization suspended fellowship awards under this pledge agreement.

In addition to this pledge, the Organization had entered into an unconditional professorship pledge agreement with the same foundation. Under this pledge, there was one unconditional promise to give $50,000 per year, for a term of twenty-one years. At December 31, 2011 and 2010 some pledge payments are outstanding. If it was determined that the foundation would not fulfill its obligations under the pledge agreements, then the Organization would have been required to recognize a charge of $299,950 representing the present value of the future pledge at December 31, 2011 and three $50,000 outstanding receivables for 2011, 2010, and 2009, respectively under the unconditional pledge. Also outstanding is the conditional pledge of $100,000, representing the fellowships awarded from 2009 under the terms of the conditional promise to give. As of December, 31 2011, the total combined exposure of these pledges was $549,950.

In June 2012, a Settlement Agreement was executed by the Organization and the foundation. Consideration was given to both pledge agreements made in the past, and the foundation agreed to satisfy all obligations and make an unconditional lump sum payment to the Organization in the amount of $550,000 which was received by the Organization in July 2012. The foundation also agreed to another unconditional pledge to fund a "New Professorship Grant" in the total sum of $350,000, commencing in 2017. Under the new pledge, the foundation is to give $50,000 per year, for a term of seven years, through 2023. Contribution income for the New Professorship Grant pledge will be recognized in the year ended December 31, 2012.

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;
- 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, 2011 and 2010:

	December 31, 2011			
	Level 1	Level 2	Level 3	Total
Equity securities:				
Domestic and foreign	$ 11,303	$ -	$ -	$ 11,303
Fixed income securities:				
Other U.S. and foreign government bonds	828,244	-	-	828,244
	$839,547	$ -	$ -	$839,547

	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
	$ 68,368	$ -	$ -	$ 68,368

Level 1 Gains and Losses

Investment return for the years ended December 31, 2011 and 2010 and its classification in the statements of activities is summarized as follows:

	2011	2010
Investment income:		
Interest and dividends	$ 1,086	$ 1,720
Net realized and unrealized gains/(losses) on investments:		
Unrealized gains/(losses)	(634)	(3)
	$ 452	$ 1,717

4. Equipment and Improvements

As of December 31, 2011 and 2010, equipment and improvements consist of the following:

	2011	2010
Leasehold improvements	$ 4,883	$ 4,883
Equipment	94,885	69,791
Furniture and fixtures	22,482	21,937
	122,250	96,611
Accumulated depreciation	66,252	55,270
	$ 55,998	$ 41,341

Depreciation expense amounted to $11,385 and $10,749 for the years ended December 31, 2011 and 2010, respectively.

5. Research Grants Payable

Grants Authorized But Unpaid

Grants of $666,250 and $472,500, authorized but unpaid as of December 31, 2011 and 2010, 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, 2011, are as follows:

Grant Year	Expected Awards
2012–13	$ 1,855,000
2013–14	835,000
2014–15	300,000
2015–16	250,000
2016–17	150,000
	$ 3,390,000

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

The annual change in value of such split-interest agreements of $7,207 and $8,457 in 2011 and 2010, respectively, is recognized in the accompanying statements of activities.

7. Temporarily Restricted Net Assets

Temporarily restricted net assets of $2,916,696 and $2,539,292 as of December 31, 2011 and 2010, respectively, are available for subsequent years' grant awards and other program activities. These amounts include $1,636,237 and $1,579,027 as of December 31, 2011 and 2010, respectively, of endowments and investment returns on permanent endowments and $1,280,459 and $960,265 as of December 31, 2011 and 2010, respectively, arising from promises to give and other assets.

8. Endowment Funds

Permanently restricted net assets as of December 31, 2011 and 2010 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, 2011 and 2010 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2010	$ 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
Contributions	542,297	-	542,297
Investment income	8,413	-	8,413
Program expenditures	(493,500)	-	(493,500)
Endowment net assets, December 31, 2011	$ 1,636,237	$ 1,428,837	$ 3,065,074

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 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 2011, the Organization funded scientists at eight 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 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 Organization; and manage the financial and budgetary responsibilities of the Organization.

Management and general expenses accounted for 28.9% and 40.4% of total expenses for the years ended December 31, 2011 and 2010, respectively.

Fund-Raising

Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations. Fund-raising activities represented 28.0% and 24.4% of the Organization's total expenses for the years ended December 31, 2011 and 2010, 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 2011 and 2010, advertising and public relations costs totaled $58,814, or 1.6%, and $33,112, or 1.4%, 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 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 2011 and 2010, plan expense, representing the Organization's contributions to the Plan, was approximately $10,000 and $6,700, 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 in multiple accounts with a brokerage firm; thereby limiting the amount of credit exposure to any one account. The account at the brokerage firm contains cash, money market funds and other securities. Individual account balances are insured up to $500,000, with a limit of $100,000 for cash and $400,000 for securities, by the Securities Investor Protection Corporation ("SIPC"). As of December 31, 2011 and 2010, the Organization had approximately $2,610,000 and $3,400,000, 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, 2011 and 2010, 52% and 76%, respectively, of the Organization's receivables from promises to give were from three and four donors, respectively. Included in these promises to give, one donor (the Foundation) represented 22% and 31% of the Organization's outstanding receivables, as of December 31, 2011 and 2010, respectively. The Foundation's promises to give are discussed in Note 2.

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

The Organization maintains cash balances and U.S. treasury bonds at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to the FDIC insured limit of $250,000 for cash. As of December 31, 2011 and 2010, the Organization's uninsured cash balances totaled approximately $640,000 and $180,000, respectively.

Fair Values of Financial Instruments

The Organization has a number of financial instruments, consisting primarily of U.S. Treasury bonds, other government bonds, money market accounts, certificates of deposit and high-grade corporate bonds. The Organization has determined that the fair value of all financial instruments as of December 31, 2011 and 2010, 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 various dates through February, 2017. Rental expenses for those leases were $116,389 and $119,634 for the years ended December 31, 2011 and 2010, respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 2011, including the new lease referred to above, are:

Years Ending December 31,	Minimum Payments
2012	$ 125,450
2013	128,851
2014	136,197
2015	114,661
2016	108,696
Thereafter	23,488
	$ 637,343

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 $1,405,000 and $1,180,000 of grants on behalf of its Canadian and Israeli affiliates in 2011 and 2010, 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 implemented a capital plan to attract these contributions. 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 allocated based on the relative importance of each function to the campaign. For the years ended December 31, 2011 and 2010, 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, 2011 and 2010, all special event expenses, except for the cost of direct benefit to donors, were attributable to fund-raising.

17. Subsequent Events

The Organization has evaluated subsequent events through August 27, 2012, the date the financial statements were available to be issued. Other than what is disclosed in Note 2, the Organization has no material subsequent events requiring disclosure.