

ISRAEL CANCER RESEARCH FUND, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

**ISRAEL CANCER RESEARCH FUND, INC.
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Israel Cancer Research Fund, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 Israel Cancer Research Fund, Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Adjustment to Prior Period Financial Statements

The financial statements of Israel Cancer Research Fund, Inc. as of December 31, 2013, were audited by other auditors whose report dated November 20, 2014, expressed an unmodified opinion on those statements. As discussed in Note 15 to the financial statements, Israel Cancer Research Fund, Inc. has restated its financial statements during the current year to reverse out the capitalization of park naming rights, in accordance with accounting principles generally accepted in the United States of America. The other auditors reported on the 2013 financial statements before the restatement. As part of our audit of the 2014 financial statements, we also audited the adjustment described in Note 15 that was applied to restate the 2013 financial statements. In our opinion, such adjustment is appropriate and has been properly applied. We were not engaged to audit, review or apply any procedures to the 2013 financial statements of Israel Cancer Research Fund, Inc. other than with respect to the adjustment and accordingly, we do not express an opinion or any other form of assurance on the 2013 financial statements as a whole.


CITRIN COOPERMAN & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York
November 3, 2015

**ISRAEL CANCER RESEARCH FUND, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013**

	2014	2013
		(Restated)
<u>ASSETS</u>		
Cash and cash equivalents	\$ 7,761,331	\$ 7,459,062
Investments	2,028,302	1,871,912
Unconditional promises to give, less allowances of \$21,701 and \$21,820 for 2014 and 2013, respectively	3,352,744	3,703,851
Prepaid expenses and other current assets	70,007	77,072
Property and equipment, net	23,791	38,302
Deposits	19,993	19,342
TOTAL ASSETS	\$ 13,256,168	\$ 13,169,541
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 191,273	\$ 170,339
Research grant payable	1,478,332	1,121,251
Gift annuities payable	167,989	148,077
Deferred rent payable	27,232	34,719
Total liabilities	1,864,826	1,474,386
Commitments and contingency (Notes 8 and 13)		
Net assets:		
Unrestricted	4,600,781	5,442,341
Temporarily restricted	4,270,887	4,448,977
Permanently restricted	2,519,674	1,803,837
Total net assets	11,391,342	11,695,155
TOTAL LIABILITIES AND NET ASSETS	\$ 13,256,168	\$ 13,169,541

See accompanying notes to financial statements.

ISRAEL CANCER RESEARCH FUND, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u> <u>Net Assets</u>	<u>Temporarily</u> <u>Restricted</u> <u>Net Assets</u>	<u>Permanently</u> <u>Restricted</u> <u>Net Assets</u>	<u>Total</u>
Revenues and public support:				
Contributions, legacies and bequests	\$ 1,206,038	\$ 1,365,834	\$ 715,837	\$ 3,287,709
Investment income	16,750	40,993	-	57,743
Realized and unrealized gain (loss) on investments	(1,827)	173,548	-	171,721
Special events:				
Special event income	\$1,122,493			
Less: cost of direct benefit to donors	<u>(168,176)</u>			
Total special events income	954,317	-	-	954,317
Donated services	336,097	-	-	336,097
Other income	3,876	-	-	3,876
Net assets released from restrictions	<u>1,758,465</u>	<u>(1,758,465)</u>	<u>-</u>	<u>-</u>
Total revenues and public support	<u>4,273,716</u>	<u>(178,090)</u>	<u>715,837</u>	<u>4,811,463</u>
Expenses:				
Program services:				
Research	3,091,679	-	-	3,091,679
Public information	<u>107,061</u>	<u>-</u>	<u>-</u>	<u>107,061</u>
Total program services	<u>3,198,740</u>	<u>-</u>	<u>-</u>	<u>3,198,740</u>
Supporting services:				
Management and general	538,030	-	-	538,030
Fundraising	<u>1,378,506</u>	<u>-</u>	<u>-</u>	<u>1,378,506</u>
Total supporting services	<u>1,916,536</u>	<u>-</u>	<u>-</u>	<u>1,916,536</u>
Total expenses	<u>5,115,276</u>	<u>-</u>	<u>-</u>	<u>5,115,276</u>
Increase (decrease) in net assets	(841,560)	(178,090)	715,837	(303,813)
Net assets - beginning of year	<u>5,442,341</u>	<u>4,448,977</u>	<u>1,803,837</u>	<u>11,695,155</u>
NET ASSETS - END OF YEAR	<u>\$ 4,600,781</u>	<u>\$ 4,270,887</u>	<u>\$ 2,519,674</u>	<u>\$11,391,342</u>

See accompanying notes to financial statements.

**ISRAEL CANCER RESEARCH FUND, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Permanently Restricted Net Assets</u>	<u>Total</u>
Revenues and public support:				
Contributions, legacies and bequests	\$ 1,222,158	\$ 3,513,361	\$ 375,000	\$ 5,110,519
Investment income	3,816	49,303	-	53,119
Realized and unrealized gain (loss) on investments	217	(241,527)	-	(241,310)
Special events:				
Special event income	\$1,165,219			
Less: cost of direct benefit to donors	<u>(85,595)</u>			
Total special events income	1,079,624	-	-	1,079,624
Donated services	316,313	-	-	316,313
Net assets released from restrictions	<u>1,762,265</u>	<u>(1,762,265)</u>	<u>-</u>	<u>-</u>
Total revenues and public support	<u>4,384,393</u>	<u>1,558,872</u>	<u>375,000</u>	<u>6,318,265</u>
Expenses:				
Program services:				
Research	2,836,568	-	-	2,836,568
Public information	<u>92,349</u>	<u>-</u>	<u>-</u>	<u>92,349</u>
Total program services	<u>2,928,917</u>	<u>-</u>	<u>-</u>	<u>2,928,917</u>
Supporting services:				
Management and general	551,564	-	-	551,564
Fundraising	<u>1,158,278</u>	<u>-</u>	<u>-</u>	<u>1,158,278</u>
Total supporting services	<u>1,709,842</u>	<u>-</u>	<u>-</u>	<u>1,709,842</u>
Total expenses	<u>4,638,759</u>	<u>-</u>	<u>-</u>	<u>4,638,759</u>
Increase (decrease) in net assets	<u>(254,366)</u>	<u>1,558,872</u>	<u>375,000</u>	<u>1,679,506</u>
Net assets - beginning of year, originally reported	5,946,707	2,890,105	1,428,837	10,265,649
Prior period adjustment (see Note 15)	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>(250,000)</u>
Net assets - beginning of year, restated	<u>5,696,707</u>	<u>2,890,105</u>	<u>1,428,837</u>	<u>10,015,649</u>
NET ASSETS - END OF YEAR	<u>\$ 5,442,341</u>	<u>\$ 4,448,977</u>	<u>\$ 1,803,837</u>	<u>\$11,695,155</u>

See accompanying notes to financial statements.

ISRAEL CANCER RESEARCH FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Program Services			Supporting Services				Total
	Research	Public Information	Total	Management and General	Fundraising	Direct Benefit to Donors	Total	
Compensation and related expenses:								
Salaries and wages	\$ 154,228	\$ 53,080	\$ 207,308	\$ 195,380	\$ 618,168	\$ -	\$ 813,548	\$ 1,020,856
Payroll taxes	11,975	4,755	16,730	18,644	48,133	-	66,777	83,507
Employee benefits	37,419	7,641	45,060	40,917	89,256	-	130,173	175,233
Total compensation and related expenses	203,622	65,476	269,098	254,941	755,557	-	1,010,498	1,279,596
Research grants awarded	2,410,632	-	2,410,632	-	-	-	-	2,410,632
Occupancy:								
Rent	26,848	12,594	39,442	50,558	43,152	-	93,710	133,152
Utilities	2,198	1,031	3,229	1,231	3,533	-	4,764	7,993
Property and casualty insurance	-	-	-	16,514	-	-	16,514	16,514
Repairs and maintenance	703	330	1,033	604	1,130	-	1,734	2,767
Telephone	2,859	1,326	4,185	9,728	5,392	-	15,120	19,305
Professional fees:								
Accounting and legal	-	-	-	59,821	6,329	-	66,150	66,150
Consulting	6,000	6,000	12,000	325	91,433	-	91,758	103,758
Outside services	5,538	750	6,288	12,904	29,092	-	41,996	48,284
Administration:								
Mailing, printing, and postage	6,550	3,779	10,329	7,543	183,980	-	191,523	201,852
Office and miscellaneous	1,965	1,051	3,016	11,989	16,057	-	28,046	31,062
Equipment rental	2,056	964	3,020	4,672	13,547	-	18,219	21,239
Bank charges	-	39	39	5,246	16,640	-	21,886	21,925
Meals and entertainment	21,693	7,828	29,521	8,045	47,164	168,176	223,385	252,906
Travel	40,433	3,127	43,560	6,869	49,924	-	56,793	100,353
Conferences and meetings	9,470	400	9,870	3,804	6,600	-	10,404	20,274
Advertising and public relations	4,691	389	5,080	8,411	48,919	-	57,330	62,410
Information technology	6,109	-	6,109	19,325	13,262	-	32,587	38,696
Amortization and revaluation of gift annuity	-	-	-	51,347	-	-	51,347	51,347
Consigned goods	-	-	-	-	18,520	-	18,520	18,520
Bad debts	-	-	-	-	21,501	-	21,501	21,501
Total expenses before depreciation and donated services	2,751,367	105,084	2,856,451	533,877	1,371,732	168,176	2,073,785	4,930,236
Depreciation	4,215	1,977	6,192	4,153	6,774	-	10,927	17,119
Donated services	336,097	-	336,097	-	-	-	-	336,097
Total expenses	3,091,679	107,061	3,198,740	538,030	1,378,506	168,176	2,084,712	5,283,452
Less: expenses included with revenues on the statement of activities	-	-	-	-	-	(168,176)	(168,176)	(168,176)
TOTAL FUNCTIONAL EXPENSES	\$ 3,091,679	\$ 107,061	\$ 3,198,740	\$ 538,030	\$ 1,378,506	\$ -	\$ 1,916,536	\$ 5,115,276

See accompanying notes to financial statements.

ISRAEL CANCER RESEARCH FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Program Services			Supporting Services				Total
	Research	Public Information	Total	Management and General	Fundraising	Direct Benefit to Donors	Total	
Compensation and related expenses:								
Salaries and wages	\$ 124,235	\$ 47,308	\$ 171,543	\$ 260,344	\$ 505,920	\$ -	\$ 766,264	\$ 937,807
Payroll taxes	9,569	4,195	13,764	19,811	40,025	-	59,836	73,600
Employee benefits	32,031	4,366	36,397	31,342	89,313	-	120,655	157,052
Total compensation and related expenses	165,835	55,869	221,704	311,497	635,258	-	946,755	1,168,459
Research grants awarded	2,193,332	-	2,193,332	-	-	-	-	2,193,332
Occupancy:								
Rent	26,660	8,569	35,229	47,192	43,799	-	90,991	126,220
Utilities	2,249	723	2,972	1,365	3,695	-	5,060	8,032
Property and casualty insurance	-	-	-	15,280	-	-	15,280	15,280
Repairs and maintenance	1,612	518	2,130	1,882	2,648	-	4,530	6,660
Telephone	2,232	674	2,906	8,791	4,298	-	13,089	15,995
Professional fees:								
Accounting and legal	-	-	-	68,250	7,425	-	75,675	75,675
Consulting	12,000	12,000	24,000	300	21,000	-	21,300	45,300
Outside services	3,555	-	3,555	6,637	16,905	-	23,542	27,097
Administration:								
Mailing, printing, and postage	6,523	2,597	9,120	15,425	154,841	-	170,266	179,386
Office and miscellaneous	1,227	395	1,622	6,866	7,601	-	14,467	16,089
Equipment rental	2,146	684	2,830	5,798	3,505	-	9,303	12,133
Bank charges	-	336	336	7,047	12,114	-	19,161	19,497
Meals and entertainment	40,612	6,640	47,252	2,582	79,315	85,595	167,492	214,744
Travel	33,905	1,080	34,985	15,207	29,522	-	44,729	79,714
Conferences and meetings	7,166	-	7,166	539	6,654	-	7,193	14,359
Advertising and public relations	9,042	465	9,507	4,818	25,394	-	30,212	39,719
Information technology	3,897	-	3,897	18,439	7,032	-	25,471	29,368
Amortization and revaluation of gift annuity	-	-	-	7,879	88,079	-	95,958	95,958
Loss on disposal of assets	2,667	-	2,667	-	-	-	-	2,667
Total expenses before depreciation and donated services	2,514,660	90,550	2,605,210	545,794	1,149,085	85,595	1,780,474	4,385,684
Depreciation	5,595	1,799	7,394	5,770	9,193	-	14,963	22,357
Donated services	316,313	-	316,313	-	-	-	-	316,313
Total expenses	2,836,568	92,349	2,928,917	551,564	1,158,278	85,595	1,795,437	4,724,354
Less: expenses included with revenues on the statement of activities	-	-	-	-	-	(85,595)	(85,595)	(85,595)
TOTAL FUNCTIONAL EXPENSES	\$ 2,836,568	\$ 92,349	\$ 2,928,917	\$ 551,564	\$ 1,158,278	\$ -	\$ 1,709,842	\$ 4,638,759

See accompanying notes to financial statements.

ISRAEL CANCER RESEARCH FUND, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (303,813)	\$ 1,679,506
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	17,119	22,357
Provision for doubtful accounts	21,501	-
Loss on disposal of equipment	-	2,667
Donated marketable securities	(62,028)	(6,137)
Deferred rent expense	(7,487)	(1,424)
Net realized and unrealized loss (gain) on investments	(171,721)	242,025
Changes in assets and liabilities:		
Decrease (increase) in:		
Unconditional promises to give	329,606	(1,528,087)
Prepaid expenses and other current assets	7,065	(14,816)
Deposits	(651)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	20,934	(90,915)
Research grants payable	357,081	1,251
Gift annuities payable	<u>19,912</u>	<u>64,523</u>
Net cash provided by operating activities	<u>227,518</u>	<u>370,950</u>
Cash flows from investing activities:		
Purchases of investments	-	(7,243,509)
Proceeds from sales and redemptions of investments	77,359	7,267,623
Purchase of equipment and improvements	<u>(2,608)</u>	<u>(9,457)</u>
Net cash provided by investing activities	<u>74,751</u>	<u>14,657</u>
Net increase in cash and cash equivalents	302,269	385,607
Cash and cash equivalents - beginning of year	<u>7,459,062</u>	<u>7,073,455</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 7,761,331</u>	<u>\$ 7,459,062</u>

See accompanying notes to financial statements.

ISRAEL CANCER RESEARCH FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 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 supported primarily through donor contributions, and maintains chapters and offices in New York, California, Illinois, Connecticut and Florida. The Organization has affiliates in Toronto, Montreal and Jerusalem.

Basis of Accounting

The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP") and are presented in accordance with accounting requirements for not-for-profit organizations. These requirements provide that all not-for-profit organizations provide a statement of financial position, a statement of activities, and a statement of cash flows, and that net assets be classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor stipulations regarding their use.

The net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted net assets represent net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets are net assets whose use has been limited by donors to a specific time period and/or purpose.
- Permanently restricted net assets are subject to donor-imposed stipulations that the principal corpus be maintained in perpetuity.

Use of Estimates

The preparation of financial statements and related disclosures in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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 could differ from those estimates.

Revenue Recognition

Pledges are recognized as contribution income when a donor makes a pledge that is, in substance, unconditional. Pledges to be received over periods longer than a single year are discounted at the risk free rate.

Contributions received are measured at their fair value and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit their use or if they are designated as support for future periods. When a donor restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as "Net assets released from restrictions."

ISRAEL CANCER RESEARCH FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Conditional promises to give are recognized only when the conditions are met and the promises become unconditional.

Contributions received whereby the principal portion is required to be held in perpetuity are recorded as permanently restricted net assets. The purposes for which the income and net appreciation arising from the underlying assets may be used depend on the wishes of those donors. Those earnings are classified as temporarily restricted in the accompanying statements of activities, pending appropriation by the board of trustees.

Cash and Cash Equivalents

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

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Net appreciation (depreciation) includes the Organization's gains and losses on investments bought and sold, as well as held during the year.

One financial institution held approximately 99% of the Organization's investments at December 31, 2014 and 2013.

Fair Value Measurements

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Categorization within the valuation hierarchy is based upon the lowest level of 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. Under this standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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.

ISRAEL CANCER RESEARCH FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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.

Property and Equipment

The Organization capitalizes all property and equipment that materially prolong the useful lives of assets. Maintenance and repairs are expensed as incurred. Property and equipment are carried at cost or, if donated, at the fair value at the date of donation. Depreciation is computed primarily using the straight-line method. Leasehold improvements are depreciated over the lesser of the asset's useful life or the term of the lease. When property and equipment 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 statements of activities.

Donated Assets

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

Donated 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.

The Organization was provided professional services to assist with the awarding of research grants at no charge. The value of such services was computed based on the hourly rates of scientists participating on the Scientific Review Panel for the awarding of research grants (Note 9). For the years ended December 31, 2014 and 2013, the Organization received \$336,097 and \$316,313 in program research services, respectively, which are reflected as donated services in the accompanying statements of activities and functional expenses.

In addition, a number of unpaid volunteers have made or have agreed to make significant contributions of their time to the Organization. The value of such contributions is not reflected in the accompanying financial statements since these services do not require specialized skills.

Functional Allocation of Expenses

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

ISRAEL CANCER RESEARCH FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The Organization is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"), and from state income taxes.

The Organization recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under that guidance, the Organization assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances, and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

Management has evaluated the Organization's tax positions and has concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements. Generally, the Organization is no longer subject to income tax examinations by U.S. federal or state taxing authorities for years before 2011.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. These reclassification adjustments had no effect on the Organization's previously reported change in net assets.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events through November 3, 2015, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 2. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at December 31, 2014 and 2013, are as follows:

	2014	2013
Receivable in less than one year	\$ 270,999	\$ 1,160,436
Receivable in one to five years	3,335,000	2,943,500
Receivable in more than five years	<u>410,000</u>	<u>200,000</u>
Total unconditional promises to give	4,015,999	4,303,936
Less: discounts to net present value	(641,554)	(578,265)
Less: allowances for uncollectible promises to give	<u>(21,701)</u>	<u>(21,820)</u>
Net unconditional promises to give at December 31	<u>\$ 3,352,744</u>	<u>\$ 3,703,851</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 3.49% to 5.13% depending upon the date pledged.

As of December 31, 2014, 58% of the Organization's receivables from unconditional promises to give were from one donor. As of December 31, 2013, 76% of the Organization's receivables from unconditional promises to give were from two donors.

ISRAEL CANCER RESEARCH FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 2. UNCONDITIONAL PROMISES TO GIVE (CONTINUED)

Based on management's past experience, the aging of receivables and subsequent receipts, \$21,701 and \$21,820 has been reserved for doubtful collections of promises to give at December 31, 2014 and 2013, respectively.

NOTE 3. FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value are based on one or more of three valuation techniques identified in the tables below. The valuation techniques are as follows:

- (a) *Market approach.* Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- (b) *Cost approach.* Amount that would be required to replace the service capacity of an asset (replacement cost); and
- (c) *Income approach.* Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing and excess earnings models).

The following tables summarize the Organization's assets measured at fair value on a recurring basis, using the fair value hierarchy as of December 31, 2014 and 2013:

	December 31, 2014				Valuation Technique
	Level 1	Level 2	Level 3	Total	
Money market funds	\$ 5,797,013	\$ -	\$ -	\$ 5,797,013	(a)
Common stock - energy	1,017	-	-	1,017	(a)
Exchange traded fund - growth	1,721	-	-	1,721	(a)
Fixed income securities:					
U.S. government bonds	-	1,956,764	-	1,956,764	(a)
Israel governmental bonds	-	<u>68,800</u>	-	<u>68,800</u>	(a)
Total	<u>\$ 5,799,751</u>	<u>\$ 2,025,564</u>	<u>\$ -</u>	<u>\$ 7,825,315</u>	

	December 31, 2013				Valuation Technique
	Level 1	Level 2	Level 3	Total	
Money market funds	\$ 6,626,226	\$ -	\$ -	\$ 6,626,226	(a)
Common stock - energy	506	-	-	506	(a)
Fixed income securities:					
U.S. governmental bonds	-	1,785,906	-	1,785,906	(a)
Israel governmental bonds	-	<u>85,500</u>	-	<u>85,500</u>	(a)
Total	<u>\$ 6,626,732</u>	<u>\$ 1,871,406</u>	<u>\$ -</u>	<u>\$ 8,498,138</u>	

The following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2014 and 2013:

Money market funds are valued at cost plus accrued interest, which approximates fair value.

ISRAEL CANCER RESEARCH FUND, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 3. FAIR VALUE MEASUREMENTS (CONTINUED)

Common stocks are valued based on quoted market prices, when available, or market prices provided by recognized broker-dealers or fund managers.

U.S. government and Israel bonds are valued based on the last reported bid price provided by broker dealers.

Exchange traded funds are valued at quoted market prices, which represent the net asset value of the securities in such funds.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 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.

NOTE 4. PROPERTY AND EQUIPMENT

As of December 31, 2014 and 2013, property and equipment consisted of the following:

	<u>2014</u>	<u>2013</u>
Leasehold improvements	\$ 4,883	\$ 4,883
Computer equipment and software	115,026	112,418
Furniture and fixtures	<u>22,212</u>	<u>22,212</u>
	142,121	139,513
Less: accumulated depreciation	<u>118,330</u>	<u>101,211</u>
	<u>\$ 23,791</u>	<u>\$ 38,302</u>

Depreciation expense amounted to \$17,119 and \$22,357 for the years ended December 31, 2014 and 2013, respectively.

NOTE 5. RESEARCH GRANTS PAYABLE

Grants Authorized But Unpaid

Grants of \$1,478,332 and \$1,121,251, authorized but not disbursed as of December 31, 2014 and 2013, respectively, are reported as liabilities.

Conditional Grants

Conditional grant obligations of \$2,918,336 as of December 31, 2014, 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. Awarded obligations by grant year, which generally runs from September through August, as of December 31, 2014, are as follows:

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NOTE 5. RESEARCH GRANTS PAYABLE (CONTINUED)

Conditional Grants (Continued)

<u>Grant Year</u>	<u>Expected Awards</u>
2015-16	\$ 1,868,336
2016-17	550,000
2017-18	150,000
2018-19	150,000
2019-20	100,000
Thereafter	<u>100,000</u>
	<u>\$ 2,918,336</u>

NOTE 6. GIFT ANNUITIES PAYABLE

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 \$51,347 and \$95,958 in 2014 and 2013, respectively, is recognized in the accompanying statements of functional expenses.

NOTE 7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$4,270,887 and \$4,448,977 as of December 31, 2014 and 2013, respectively, are available for subsequent years' grant awards and other program activities. These amounts include \$1,696,034 and \$1,575,818 as of December 31, 2014 and 2013, respectively, of endowments and investment returns on permanent endowments.

NOTE 8. ENDOWMENT FUNDS

On September 17, 2010, New York State enacted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). The Organization and its Board of Trustees have interpreted NYPMIFA as requiring the preservation in perpetuity of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by NYPMIFA.

ISRAEL CANCER RESEARCH FUND, INC.
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NOTE 8. ENDOWMENT FUNDS (CONTINUED)

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 composition of endowment net assets for these funds and the changes in endowment net assets as of December 31, 2014 and 2013, are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, January 1, 2013	\$ 2,113,957	\$ 1,428,837	\$ 3,542,794
Contributions	970,186	375,000	1,345,186
Investment income	51,119	-	51,119
Unrealized loss	(238,344)	-	(238,344)
Appropriated for program expenditures	<u>(1,321,100)</u>	<u>-</u>	<u>(1,321,100)</u>
Endowment net assets, December 31, 2013	1,575,818	1,803,837	3,379,655
Contributions	414,175	715,837	1,130,012
Investment income	40,993	-	40,993
Unrealized gain	173,548	-	173,548
Appropriated for program expenditures	<u>(508,500)</u>	<u>-</u>	<u>(508,500)</u>
Endowment net assets, December 31, 2014	<u>\$ 1,696,034</u>	<u>\$ 2,519,674</u>	<u>\$ 4,215,708</u>

NOTE 9. PROGRAMMATIC ACTIVITIES

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 awards eight types of grants, as follows:

- (a) 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.
- (b) Acceleration Grants, which are intended to speed up our efforts to fully understand the biology behind cancer. Recipients are required to propose highly-innovative approaches that have the promise of pioneering new ways of thinking about cancer biology and therapeutics. The current grant for an Acceleration Grant is \$50,000 per year for two years, or a total of \$100,000.

ISRAEL CANCER RESEARCH FUND, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 9. PROGRAMMATIC ACTIVITIES (CONTINUED)

Research (Continued)

- (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.
- (g) Gesher Awards, which are awarded to scientists who wish to return to Israel to develop an independent research program after their period of postdoctoral training abroad. The Organization has partnered with the Israeli Ministry of Science, Technology, and Space (MOST) to develop this joint program aimed at encouraging young scientists to return to Israel. Applications must be submitted while the applicant is conducting research outside Israel; during the funding period, the applicant must conduct his or her research in Israel. The current grant for a Gesher Award is NIS200,000 per year for three years, or a total of NIS600,000. The Organization will provide NIS100,000 per year for research expenses, while MOST will provide NIS100,000 per year for living expenses.
- (h) Len and Susan Mark Initiative for Ovarian and Uterine/MMMT Cancer Grants, which are awarded to support the research of established investigators to advance our knowledge of the pathogenesis and treatment of Ovarian and Uterine/MMMT Cancers. This special ICRF grant is approximately \$83,333 per year for three years, or a total of \$250,000.

During 2014, the Organization funded scientists at 12 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.

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.

ISRAEL CANCER RESEARCH FUND, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 9. PROGRAMMATIC ACTIVITIES (CONTINUED)

Research (Continued)

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 grant amounts awarded and approved in the current year are 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.

NOTE 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 2014 and 2013, advertising and public relations costs totaled \$62,410 and \$39,719, respectively.

NOTE 11. EMPLOYEE BENEFIT PLANS

The Organization maintains a 403(b) plan covering all eligible employees. During 2014 and 2013, the Organization made contributions to the plan amounting to \$14,565 and \$12,673, respectively, which are included in employee benefits in the accompanying statements of functional expenses.

NOTE 12. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalents in excess of insured amounts and investments. At times, the Organization's cash and cash equivalents and investments, which are placed with major financial institutions and brokerages, exceed the insurance coverage provided by the Federal Deposit Insurance Corporation ("FDIC") or the Securities Investor Protection Corporation ("SIPC"). The Organization has not experienced any losses in such accounts.

NOTE 13. COMMITMENTS

The Organization has noncancelable operating leases for offices in New York, California and Illinois and parking spaces in California that expire at various dates through March 2017. In April 2015, the Organization executed a lease agreement for its new office in California, which will continue through June 2020. In August 2015, the Organization executed a lease agreement for its new office in Illinois, which will continue through March 2017.

ISRAEL CANCER RESEARCH FUND, INC.
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NOTE 13. COMMITMENTS (CONTINUED)

Future minimum lease payments for these operating leases are as follows:

<u>Years Ending December 31:</u>	<u>Minimum Payments</u>
2015	\$ 126,159
2016	136,445
2017	50,760
2018	27,198
2019	28,018
Thereafter	<u>14,184</u>
	<u>\$ 382,764</u>

Rental payments under these leases are recognized on a straight-line basis over the terms of the leases. The difference between the actual rent paid and the expense recognized under the terms of these leases is included in "Deferred rent payable" in the accompanying financial statements. Rent expense incurred in connection with these leases amounted to \$124,775 and \$120,196 for the years ended December 31, 2014 and 2013, respectively.

NOTE 14. RELATED ENTITIES

The Organization has three affiliates that serve as local chapters of the Organization in Canada and Israel. The Organization has no 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 \$1,070,000 and \$920,000 of grants on behalf of its Canadian and Israeli affiliates in 2014 and 2013, respectively.

NOTE 15. PRIOR PERIOD ADJUSTMENT

The Organization had capitalized a donation amounting to \$250,000 made in connection with the development of a park in Israel. It has been determined that no asset should have been recorded in connection with the Organization receiving naming rights to the park and the right to construct a "Donor Wall" in the park. Accordingly, an adjustment has been recorded in the amount of \$250,000 to eliminate the park naming rights asset and adjust the opening net assets balance as of January 1, 2013, to correct this error.