

ISRAEL CANCER RESEARCH FUND, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

**ISRAEL CANCER RESEARCH FUND, INC.
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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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, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Israel Cancer Research Fund, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts
June 16, 2020

ISRAEL CANCER RESEARCH FUND, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
<u>ASSETS</u>		
Cash and cash equivalents	\$ 4,416,965	\$ 4,761,280
Investments	7,228,463	5,894,461
Unconditional promises to give, net	3,928,760	2,334,319
Prepaid expenses and other current assets	78,595	89,195
Property and equipment, net	44,540	37,444
Deposits	48,487	48,487
TOTAL ASSETS	\$ 15,745,810	\$ 13,165,186
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 189,832	\$ 168,746
Research grants payable	1,370,834	1,907,084
Gift annuities payable	55,589	67,769
Refundable advances	598,942	561,860
Deferred rent payable	70,617	66,422
Total liabilities	2,285,814	2,771,881
Commitments (Notes 7, 11 and 15)		
Net assets:		
Without donor restrictions	5,916,729	4,180,629
With donor restrictions	7,543,267	6,212,676
Total net assets	13,459,996	10,393,305
TOTAL LIABILITIES AND NET ASSETS	\$ 15,745,810	\$ 13,165,186

See accompanying notes to financial statements.

ISRAEL CANCER RESEARCH FUND, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and public support:			
Contributions, legacies and bequests	\$ 2,117,500	\$ 3,600,591	\$ 5,718,091
Investment income	134,269	18,416	152,685
Realized and unrealized gain on investments	267,200	11,143	278,343
Special events:			
Special event income	\$ 2,639,604		
Less: cost of direct benefit to donors	<u>179,244</u>		
Special events income, net	2,460,360	-	2,460,360
Donated services	300,800	-	300,800
Change in valuation of annuity obligation	(3,217)	-	(3,217)
Other income	250	-	250
Net assets released from restrictions	<u>2,299,559</u>	<u>(2,299,559)</u>	<u>-</u>
Total revenues and public support	<u>7,576,721</u>	<u>1,330,591</u>	<u>8,907,312</u>
Expenses:			
Program services:			
Research	3,233,747	-	3,233,747
Public information	<u>99,448</u>	<u>-</u>	<u>99,448</u>
Total program services	<u>3,333,195</u>	<u>-</u>	<u>3,333,195</u>
Supporting services:			
Management and general	729,651	-	729,651
Fundraising	<u>1,777,775</u>	<u>-</u>	<u>1,777,775</u>
Total supporting services	<u>2,507,426</u>	<u>-</u>	<u>2,507,426</u>
Total expenses	<u>5,840,621</u>	<u>-</u>	<u>5,840,621</u>
Changes in net assets	1,736,100	1,330,591	3,066,691
Net assets - beginning of year	<u>4,180,629</u>	<u>6,212,676</u>	<u>10,393,305</u>
NET ASSETS - END OF YEAR	<u>\$ 5,916,729</u>	<u>\$ 7,543,267</u>	<u>\$ 13,459,996</u>

See accompanying notes to financial statements.

ISRAEL CANCER RESEARCH FUND, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and public support:			
Contributions, legacies and bequests	\$ 1,254,580	\$ 1,215,046	\$ 2,469,626
Investment income	100,361	20,127	120,488
Realized and unrealized gain (loss) on investments	2,728	(61,357)	(58,629)
Special events:			
Special event income	\$ 2,000,861		
Less: cost of direct benefit to donors	<u>180,285</u>		
Total special events income	1,820,576	-	1,820,576
Donated services	310,500	-	310,500
Change in valuation of annuity obligation	(3,843)	-	(3,843)
Other income	4,670	-	4,670
Net assets released from restrictions	<u>2,448,017</u>	<u>(2,448,017)</u>	<u>-</u>
Total revenues and public support	<u>5,937,589</u>	<u>(1,274,201)</u>	<u>4,663,388</u>
Expenses:			
Program services:			
Research	4,013,926	-	4,013,926
Public information	<u>196,658</u>	<u>-</u>	<u>196,658</u>
Total program services	<u>4,210,584</u>	<u>-</u>	<u>4,210,584</u>
Supporting services:			
Management and general	662,378	-	662,378
Fundraising	<u>1,652,642</u>	<u>-</u>	<u>1,652,642</u>
Total supporting services	<u>2,315,020</u>	<u>-</u>	<u>2,315,020</u>
Total expenses	<u>6,525,604</u>	<u>-</u>	<u>6,525,604</u>
Changes in net assets	(588,015)	(1,274,201)	(1,862,216)
Net assets - beginning of year	<u>4,768,644</u>	<u>7,486,877</u>	<u>12,255,521</u>
NET ASSETS - END OF YEAR	<u>\$ 4,180,629</u>	<u>\$ 6,212,676</u>	<u>\$ 10,393,305</u>

See accompanying notes to financial statements.

ISRAEL CANCER RESEARCH FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	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	\$ 325,019	\$ 87,137	\$ 412,156	\$ 261,452	\$ 748,404	\$ -	\$ 1,009,856	\$ 1,422,012
Payroll taxes	18,586	5,884	24,470	30,877	39,137	-	70,014	94,484
Employee benefits	<u>30,606</u>	<u>5,291</u>	<u>35,897</u>	<u>90,652</u>	<u>25,366</u>	<u>-</u>	<u>116,018</u>	<u>151,915</u>
Total compensation and related expenses	374,211	98,312	472,523	382,981	812,907	-	1,195,888	1,668,411
Research grants awarded	2,319,166	-	2,319,166	-	-	-	-	2,319,166
Occupancy	62,825	-	62,825	99,405	83,303	-	182,708	245,533
Professional fees:								
Accounting and legal	-	-	-	104,946	5,504	-	110,450	110,450
Consulting	13,000	-	13,000	39,700	115,396	-	155,096	168,096
Outside services	200	-	200	7,522	62,429	-	69,951	70,151
Office and administration	30,088	289	30,377	41,009	313,865	-	354,874	385,251
Meals and entertainment	39,233	209	39,442	10,607	95,280	78,275	184,162	223,604
Travel	41,654	438	42,092	6,631	26,837	-	33,468	75,560
Conferences, meetings and event space	47,777	-	47,777	7,376	90,070	100,969	198,415	246,192
Advertising and public relations	678	200	878	995	53,774	-	54,769	55,647
Information technology	3,542	-	3,542	26,718	8,002	-	34,720	38,262
Bad debts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,838</u>	<u>-</u>	<u>107,838</u>	<u>107,838</u>
Total expenses before depreciation and donated services	2,932,374	99,448	3,031,822	727,890	1,775,205	179,244	2,682,339	5,714,161
Depreciation	1,373	-	1,373	1,761	1,770	-	3,531	4,904
Donated services	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>800</u>	<u>-</u>	<u>800</u>	<u>300,800</u>
Total expenses	3,233,747	99,448	3,333,195	729,651	1,777,775	179,244	2,686,670	6,019,865
Less: expenses included with revenues on the statement of activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,244</u>	<u>179,244</u>	<u>179,244</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 3,233,747</u>	<u>\$ 99,448</u>	<u>\$ 3,333,195</u>	<u>\$ 729,651</u>	<u>\$ 1,777,775</u>	<u>\$ -</u>	<u>\$ 2,507,426</u>	<u>\$ 5,840,621</u>

See accompanying notes to financial statements.

ISRAEL CANCER RESEARCH FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	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	\$ 254,663	\$ 121,459	\$ 376,122	\$ 282,778	\$ 671,665	\$ -	\$ 954,443	\$ 1,330,565
Payroll taxes	15,499	10,158	25,657	18,613	52,112	-	70,725	96,382
Employee benefits	43,476	14,192	57,668	63,281	48,849	-	112,130	169,798
Total compensation and related expenses	313,638	145,809	459,447	364,672	772,626	-	1,137,298	1,596,745
Research grants awarded	3,019,166	-	3,019,166	-	-	-	-	3,019,166
Occupancy	60,730	34,016	94,746	67,480	101,876	-	169,356	264,102
Professional fees:								
Accounting and legal	508	-	508	70,245	7,843	-	78,088	78,596
Consulting	12,000	-	12,000	15,585	103,017	-	118,602	130,602
Outside services	15,600	150	15,750	45,938	35,670	-	81,608	97,358
Office and administration	29,013	7,813	36,826	38,611	320,824	-	359,435	396,261
Meals and entertainment	40,109	6,859	46,968	15,321	40,441	91,692	147,454	194,422
Travel	160,747	466	161,213	18,373	120,815	-	139,188	300,401
Conferences and meetings	41,319	250	41,569	4,113	65,289	88,593	157,995	199,564
Advertising and public relations	1,828	1,295	3,123	3,076	44,933	-	48,009	51,132
Information technology	8,768	-	8,768	13,812	15,191	-	29,003	37,771
Bad debts	-	-	-	-	24,117	-	24,117	24,117
Total expenses before depreciation and donated services	3,703,426	196,658	3,900,084	657,226	1,652,642	180,285	2,490,153	6,390,237
Depreciation	-	-	-	5,152	-	-	5,152	5,152
Donated services	310,500	-	310,500	-	-	-	-	310,500
Total expenses	4,013,926	196,658	4,210,584	662,378	1,652,642	180,285	2,495,305	6,705,889
Less: expenses included with revenues on the statement of activities	-	-	-	-	-	180,285	180,285	180,285
TOTAL FUNCTIONAL EXPENSES	\$ 4,013,926	\$ 196,658	\$ 4,210,584	\$ 662,378	\$ 1,652,642	\$ -	\$ 2,315,020	\$ 6,525,604

See accompanying notes to financial statements.

ISRAEL CANCER RESEARCH FUND, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Changes in net assets	\$ 3,066,691	\$ (1,862,216)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,904	5,152
Bad debt expense	107,838	24,117
Loss on disposal of equipment	-	965
Donated marketable securities	(65,721)	(56,901)
Deferred rent expense	4,195	22,123
Net realized and unrealized gain on investments	(278,343)	58,629
Changes in assets and liabilities:		
Unconditional promises to give	(1,702,279)	997,454
Prepaid expenses and other current assets	10,600	29,571
Accounts payable and accrued expenses	21,085	(61,771)
Research grants payable	(536,250)	257,334
Gift annuities payable	(12,180)	(10,077)
Conditional liability	37,082	312,602
Net cash provided by (used in) operating activities	657,622	(283,018)
Cash flows from investing activities:		
Purchases of investments	(7,137,601)	(5,887,000)
Proceeds from sales and redemptions of investments	6,147,664	2,791,292
Purchase of equipment and improvements	(12,000)	(4,594)
Net cash used in investing activities	(1,001,937)	(3,100,302)
Net decrease in cash and cash equivalents	(344,315)	(3,383,320)
Cash and cash equivalents - beginning of year	4,761,280	8,144,600
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,416,965	\$ 4,761,280

See accompanying notes to financial statements.

ISRAEL CANCER RESEARCH FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1. 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, maintains chapters and offices in New York, California, Illinois, Connecticut, and Florida, and has affiliates in Toronto, Montreal and Tel Aviv. The Organization has invested in 2,400 projects conducted by scientists at 24 Israeli research centers. Scientists funded by the Organization are consistently at the forefront of cancer research with globally significant discoveries. Development of certain cancer drugs reflects research supported by the Organization as does CAR T-cell therapy. Numerous internationally prominent Israeli cancer researchers, including recipients of the Nobel Prize, acknowledge the Organization's endorsement and funding as essential to their success, particularly at the earliest stages of their careers.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

Financial statements prepared in accordance with U.S. GAAP require the Organization to report information regarding its financial position and activities according to the following net assets classifications:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

ISRAEL CANCER RESEARCH FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Contributions received whereby the principal portion is required to be held in perpetuity are recorded as net assets with donor restrictions. 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 either with or without donor restrictions in the accompanying statements of activities, pending appropriation by the board of trustees.

Use of Estimates

The preparation of financial statements and related disclosures in accordance with U.S. 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

The Organization adopted Accounting Standards Update ("ASU") No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958) ("ASU 2018-08"), which provides guidance for determining whether a transaction should be accounted for as a contribution or an exchange transaction, and whether a contribution is conditional or unconditional.

Contributions of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give, that is, those with a measurable performance or other barrier, are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met.

Grants and contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults.

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.

ISRAEL CANCER RESEARCH FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 5 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. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Organization's gains and losses on investments bought and sold, as well as held, during the year.

Fair Value Measurements

The 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.

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.

ISRAEL CANCER RESEARCH FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (see Note 11). For the years ended December 31, 2019 and 2018, the Organization received \$300,800 and \$310,500 in program research services, respectively, which are reflected as "Donated services" in the accompanying statements of activities and functional expenses. The Organization estimates that approximately 2,000 hours were donated by these scientists.

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. The Organization estimates that approximately 2,500 hours were donated by these volunteers.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated among programs and supporting services by management, using appropriate measurement methodologies.

ISRAEL CANCER RESEARCH FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2. 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, and from state income taxes.

The Organization recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under this 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.

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.

Recently Adopted Accounting Pronouncement

In June 2018, FASB issued ASU 2018-08, which provides guidance for determining whether a transaction should be accounted for as a contribution or an exchange transaction, and whether a contribution is conditional or unconditional. This ASU is effective for years beginning after December 15, 2018. The Organization adopted ASU 2018-08 effective January 1, 2019, using the modified prospective method. Under the modified prospective method, the amendments are applied to agreements that are either not completed as of the effective date or entered into after the effective date. The Organization has determined that the application of the amendments of ASU 2018-08 did not have a material impact on the Organization's financial statements and related disclosures.

Accounting Pronouncements Issued but not yet Effective

In February 2016, FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"). This update requires all leases with a term greater than 12 months to be recognized on the balance sheet through a right-of-use asset and a lease liability and enhanced disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases. In July 2018, FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842* and ASU No. 2018-11, *Leases: Targeted Improvements*, which provided narrow amendments to clarify how to apply certain aspects of the new leases standard and options regarding transition. The standard requires either a modified retrospective transition approach with application in all comparative periods presented, or an alternative transition method, which permits the Organization to use its effective date as the date of initial application without restating the comparative period financial statements and recognizing any cumulative effect adjustment to the opening balance sheet. In November 2019, FASB issued ASU No. 2019-10, *Financial Instruments Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)*. ASU No. 2019-10

ISRAEL CANCER RESEARCH FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Pronouncements Issued but not yet Effective (Continued)

amended the effective date for ASU 2016-02 and related amendments. ASU 2016-02, as amended, is effective for fiscal years beginning after December 15, 2020. The Organization is evaluating the effect that this new guidance will have on its financial statements and related disclosures.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events through June 16, 2020, the date on which these financial statements were available to be issued. Except as discussed below, there were no additional material subsequent events that required recognition or additional disclosure in these financial statements.

COVID-19

During the 2020 calendar year, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Disruptions to Organization operations could occur as a result from quarantines of employees, and contributors and grantors in areas affected by the outbreak. Given the uncertainty of the situation, the duration of the disruption and related financial impact cannot be reasonably estimated at this time.

Paycheck Protection Program

On April 14, 2020, the Organization received loan proceeds of approximately \$249,000 under the Paycheck Protection Program (the "PPP"). The PPP, which was established as part of the Coronavirus Aid, Relief and Economic Security Act, provides for loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after eight weeks so long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent, mortgage interest and utilities, and maintains its payroll levels. Not more than 25% of the amount forgiven can be attributable to non-payroll costs. The amount of loan forgiveness will be reduced by any amounts received by the Organization as an advance as part of the Economic Injury Disaster Loan program, made available through the Small Business Administration, that is ultimately converted to a grant.

The PPP loan matures two years from the date of first disbursement of proceeds to the Organization (the "PPP Loan Date") and accrues interest at a fixed rate of 1%. Payments are deferred for the first six months and payable in eighteen (18) equal consecutive monthly installments of principal and interest commencing on the seven-month anniversary of the PPP Loan Date.

The Organization currently intends to use the proceeds for purposes consistent with the PPP, however, there can be no assurances that the Organization will ultimately meet the conditions for forgiveness of the loan or that it will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in whole or in part.

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NOTE 3. LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 4,416,965	\$ 4,761,280
Investments	7,228,463	5,894,461
Contributions receivable, net	<u>3,928,760</u>	<u>2,334,319</u>
Total financial assets at year end	15,574,188	\$ 12,990,060
Less: amounts not available to be used within one year - net assets with donors restrictions	7,543,267	6,212,676
Plus: net assets with purpose restrictions to be met in less than a year	<u>2,374,751</u>	<u>1,533,841</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 10,405,672</u>	<u>\$ 8,311,225</u>

As part of the Organization's liquidity management, it has a goal to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, excess cash is invested in short-term investments, including stocks, mutual funds, U.S. Treasury Bills, and money market accounts.

NOTE 4. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at December 31, 2019 and 2018, are as follows:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 2,464,290	\$ 1,163,357
Receivable in one to five years	<u>1,843,375</u>	<u>1,410,000</u>
Total unconditional promises to give	4,307,665	2,573,357
Less: discounts to net present value	353,905	239,038
Less: allowances for uncollectible promises to give	<u>61,000</u>	<u>-</u>
Net unconditional promises to give at December 31	<u>\$ 3,892,760</u>	<u>\$ 2,334,319</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 1.23% to 4.30% depending upon the date pledged.

As of December 31, 2019, 17% of the Organization's receivables from unconditional promises to give were from one donor. As of December 31, 2018, 58% of the Organization's receivables from unconditional promises to give were from three donors.

Based on management's past experience, the aging of receivables and subsequent receipts, \$61,000 has been reserved for doubtful collections of promises to give at December 31, 2019. No allowance for doubtful accounts was required at December 31, 2018.

ISRAEL CANCER RESEARCH FUND, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 5. 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, 2019 and 2018:

<u>Description</u>	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total at December 31, 2019	Valuation Technique
Common stocks:					
Consumer staples	\$ 2,056	\$ -	\$ -	\$ 2,056	(a)
Exchange traded fund - growth		1,326,385	-	1,326,385	(a)
Fixed income securities:					
U.S. government bonds	-	4,969,922	-	4,969,922	(a)
Israel government bonds	-	930,100	-	930,100	(a)
Total	<u>\$ 2,056</u>	<u>\$ 7,226,407</u>	<u>\$ -</u>	<u>\$ 7,228,463</u>	

<u>Description</u>	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total at December 31, 2018	Valuation Technique
Common stocks:					
Consumer staples	\$ 5,285	\$ -	\$ -	\$ 5,285	(a)
Healthcare	-	-	-	-	
Exchange traded fund - growth	-	836,284	-	836,284	(a)
Fixed income securities:					
U.S. government bonds	-	4,076,938	-	4,076,938	(a)
Israel government bonds	-	975,954	-	975,954	(a)
Total	<u>\$ 5,285</u>	<u>\$ 5,889,176</u>	<u>\$ -</u>	<u>\$ 5,894,461</u>	

ISRAEL CANCER RESEARCH FUND, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 5. FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2019:

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

Exchange traded funds are valued at quoted market prices, which represent the values of the underlying securities in such funds.

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

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 6. PROPERTY AND EQUIPMENT

As of December 31, 2019, property and equipment consisted of the following:

	<u>2019</u>	<u>2018</u>
Computer equipment and software	\$ 124,370	\$ 112,371
Furniture and fixtures	24,788	24,964
Leasehold improvements	<u>6,357</u>	<u>6,357</u>
	155,515	143,692
Less: accumulated depreciation	<u>110,975</u>	<u>106,248</u>
	<u>\$ 44,540</u>	<u>\$ 37,444</u>

Depreciation expense amounted to \$4,904 and \$5,152 for the years ended December 31, 2019 and 2018, respectively.

NOTE 7. RESEARCH GRANTS PAYABLE

Grants Authorized but Unpaid

Grants of \$1,370,834 and \$1,907,084, authorized but not disbursed as of December 31, 2019 and 2018, respectively, are reported as liabilities in the accompanying statements of financial position.

ISRAEL CANCER RESEARCH FUND, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 7. RESEARCH GRANTS PAYABLE (CONTINUED)

Conditional Grants

Conditional grant obligations of \$3,526,667 as of December 31, 2019, 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, 2019, are as follows:

<u>Grant Year</u>	<u>Expected Awards</u>
2020-21	\$ 2,361,667
2021-22	765,000
2022-23	200,000
2023-24	<u>200,000</u>
	<u>\$ 3,526,667</u>

NOTE 8. 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 contribution revenue without donor restrictions, 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 \$(3,217) and \$(3,843) in 2019 and 2018, respectively, is recognized in the accompanying statements of activities.

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NOTE 9. NET ASSETS

Net assets at December 31, 2019 and 2018, consisted of:

	2019	2018
Net assets without donor restrictions:		
Undesignated	\$ 5,431,261	\$ 3,961,058
Board-designated endowment	440,928	182,127
Net investment in property and equipment	44,540	37,444
Total net assets without donor restrictions	\$ 5,916,729	\$ 4,180,629
Net assets with donor restrictions:		
Subject to expenditure for specified purpose:		
Grant awards and other program activities	\$ 4,951,390	\$ 3,593,711
Subject to the Organization's spending policy and appropriation:		
Accumulated gains on funds restricted in perpetuity	42,585	69,673
Endowment funds restricted in perpetuity	2,549,292	2,549,292
Total net assets with donor restrictions	\$ 7,543,267	\$ 6,212,676

NOTE 10. 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 comprised of net assets with donor restrictions of a perpetual nature, represents net assets with donor restrictions which will be released from restriction upon appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by NYPMIFA.

Donor-restricted endowment funds are invested in money market, exchange traded and fixed income instruments pursuant to the Organization's investment and spending objectives of subjecting the funds to low investment risk and providing current income.

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NOTE 10. ENDOWMENT FUNDS (CONTINUED)

The composition of endowment net assets for these funds and the changes in endowment net assets as of December 31, 2019 and 2018, are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets -			
January 1, 2018	\$ 150,087	\$ 2,603,548	\$ 2,753,635
Investment income	16,774	20,127	36,901
Net appreciation (depreciation)	<u>15,266</u>	<u>(61,357)</u>	<u>(46,091)</u>
Endowment net assets -			
December 31, 2018	182,127	2,562,318	2,744,445
Investment income	18,336	18,416	36,752
Net appreciation	<u>240,465</u>	<u>11,143</u>	<u>251,608</u>
Endowment net assets -			
December 31, 2019	<u>\$ 440,928</u>	<u>\$ 2,591,877</u>	<u>\$ 3,032,805</u>

NOTE 11. 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 Panel. 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 10 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.
- (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.

ISRAEL CANCER RESEARCH FUND, INC.
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NOTE 11. PROGRAMMATIC ACTIVITIES (CONTINUED)

Research (Continued)

- (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 under the direction of designated principal investigators. The current grant for a Project Grant is \$60,000 per year for three years, or a total of \$180,000.
- (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. The grant for a Mark Initiative Grant is \$60,000 per year for three years, or a total of \$180,000.
- (i) International Collaboration Grants, which are awarded to promote international partnerships for outstanding cancer research in Israel between an investigator in Israel and a collaborating investigator in Canada or the United States. The support to the participating institutions will be divided such that 80% of the funds will be designated for the investigator in Israel and 20% will be designated to the investigator in North America. The current grant for an International Collaboration Grant is \$150,000 per year for three years, or a total of \$450,000.
- (j) Barron Cancer Research Scholars' Program Grants, which are awarded to foster outstanding collaborative research and promote the exchange of ideas between exceptional researchers in the United States at City of Hope in Duarte, California, and in Israel. The four interrelated components of the program are: 1) one-year collaborative grants to scientists at City of Hope and in Israel, for \$75,000; 2) one year of postdoctoral training at City of Hope for promising young Israeli scientists, for \$71,203; 3) six-month sabbaticals for established Israeli scientists at City of Hope and for City of Hope Scientists in Israel, for \$62,000; and 4) an annual symposium that will bring researchers from the United States and Israel together to share research discoveries.

ISRAEL CANCER RESEARCH FUND, INC.
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NOTE 11. PROGRAMMATIC ACTIVITIES (CONTINUED)

Research (Continued)

During 2019, the Organization funded scientists at 11 research institutions in Israel, as well as two research institutes in North America, that were awarded International Collaboration Grants. 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.

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 12. 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 2019 and 2018, advertising and public relations costs totaled \$55,647 and \$51,132, respectively.

NOTE 13. EMPLOYEE BENEFIT PLANS

The Organization maintains a 403(b) plan covering all eligible employees. During 2019 and 2018, the Organization made contributions to the plan amounting to \$18,020 and \$15,568, respectively, which are included in "Employee benefits" in the accompanying statements of functional expenses.

NOTE 14. 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 or the Securities Investor Protection Corporation. The Organization has not experienced any losses in such accounts.

ISRAEL CANCER RESEARCH FUND, INC.
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NOTE 15. COMMITMENTS AND CONTINGENCIES

Commitments

The Organization has noncancelable operating leases for offices in New York, California and Illinois that expire at various dates through February 2024 and include provisions for real estate tax escalations.

Future minimum lease payments for these operating leases at December 31, 2019, are as follows:

<u>Year Ending December 31:</u>	<u>Amount</u>
2020	\$ 227,510
2021	218,754
2022	219,142
2023	221,577
2024	<u>37,080</u>
	<u>\$ 924,063</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 statements of financial position. Rent expense incurred in connection with these leases amounted to \$213,331 and \$232,847 for the years ended December 31, 2019 and 2018, respectively.

Contingencies

The Organization is involved in various claims and legal actions arising in the ordinary course of business. Management is of the opinion that the ultimate outcome of these matters would not have a material adverse impact on the financial position of the Organization or the results of its operations.

NOTE 16. 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 allow the Organization involvement in the awarding of research grants by the local chapters through its International Board of Trustees and Scientific Review Panel. The Organization awarded \$1,315,000 and \$1,015,000 in grants on behalf of its Canadian and Israeli affiliates in 2019 and 2018, respectively.