

**ISRAEL CANCER RESEARCH FUND, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**ISRAEL CANCER RESEARCH FUND, INC.  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Israel Cancer Research Fund, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Adoption of New Accounting Pronouncement

As discussed in Note 2 to the financial statements, the Organization adopted Accounting Standards Codification Topic 842, *Leases*, as of January 1, 2022. Our opinion is not modified with respect to this matter.

### Recent Events Relating to the Disruption in the U.S. Banking System

As discussed in Note 16 to the financial statements, in March 2023, the shut-down of certain financial institutions raised economic concerns over disruption to the U.S. banking system. Given the uncertainty of the situation, the related financial statement impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Israel Cancer Research Fund, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Israel Cancer Research Fund, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Israel Cancer Research Fund, Inc.'s ability to continue as a going concern for a reasonable period of time.

**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

  
CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts  
June 8, 2023

**ISRAEL CANCER RESEARCH FUND, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 2,461,262	\$ 2,865,639
Investments	11,471,988	11,617,585
Unconditional promises to give, net	1,805,098	2,050,733
Prepaid expenses and other current assets	81,596	106,975
Property and equipment, net	243,317	326,337
Operating lease right-of-use assets	221,780	-
Deposits	<u>46,123</u>	<u>48,487</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>16,331,164</u></b>	<b>\$ <u>17,015,756</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 119,675	\$ 66,778
Research grants payable	1,518,334	1,340,000
Operating lease liabilities	257,579	-
Refundable advances	292,544	292,544
Deferred rent payable	-	58,987
Finance lease liability	<u>236,038</u>	<u>265,921</u>
Total liabilities	<u>2,424,170</u>	<u>2,024,230</u>
Commitments and contingencies (Notes 7, 10, 14 and 16)		
Net assets:		
Without donor restrictions	6,774,316	7,669,611
With donor restrictions	<u>7,132,678</u>	<u>7,321,915</u>
Total net assets	<u>13,906,994</u>	<u>14,991,526</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>16,331,164</u></b>	<b>\$ <u>17,015,756</u></b>

See accompanying notes to financial statements.

**ISRAEL CANCER RESEARCH FUND, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and public support:			
Contributions, legacies and bequests	\$ 1,471,376	\$ 2,341,428	\$ 3,812,804
Investment income	147,818	35,008	182,826
Realized and unrealized gain (loss) on investments	(595,251)	(12,262)	(607,513)
Special events:			
Special event income	\$ 2,236,654		
Less: cost of direct benefit to donors	<u>188,577</u>		
Special events income, net	2,048,077	-	2,048,077
Donated services	378,554	-	378,554
Net assets released from restrictions	<u>2,553,411</u>	<u>(2,553,411)</u>	<u>-</u>
Total revenues and public support	<u>6,003,985</u>	<u>(189,237)</u>	<u>5,814,748</u>
Expenses:			
Program services:			
Research	4,418,313	-	4,418,313
Public information	<u>185,049</u>	<u>-</u>	<u>185,049</u>
Total program services	<u>4,603,362</u>	<u>-</u>	<u>4,603,362</u>
Supporting services:			
Management and general	691,805	-	691,805
Fundraising	<u>1,604,113</u>	<u>-</u>	<u>1,604,113</u>
Total supporting services	<u>2,295,918</u>	<u>-</u>	<u>2,295,918</u>
Total expenses	<u>6,899,280</u>	<u>-</u>	<u>6,899,280</u>
Changes in net assets	(895,295)	(189,237)	(1,084,532)
Net assets - beginning of year	<u>7,669,611</u>	<u>7,321,915</u>	<u>14,991,526</u>
<b>NET ASSETS - END OF YEAR</b>	<b><u>\$ 6,774,316</u></b>	<b><u>\$ 7,132,678</u></b>	<b><u>\$ 13,906,994</u></b>

See accompanying notes to financial statements.

**ISRAEL CANCER RESEARCH FUND, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and public support:			
Contributions, legacies and bequests	\$ 1,530,096	\$ 3,381,200	\$ 4,911,296
Investment income	165,717	36,966	202,683
Realized and unrealized gain (loss) on investments	245,759	(4,402)	241,357
Special events:			
Special event income	\$ 1,800,528		
Less: cost of direct benefit to donors	<u>6,890</u>		
Special events income, net	1,793,638	-	1,793,638
Donated services	328,825	-	328,825
Other income	248,381	-	248,381
Net assets released from restrictions	<u>2,925,543</u>	<u>(2,925,543)</u>	<u>-</u>
Total revenues and public support	<u>7,237,959</u>	<u>488,221</u>	<u>7,726,180</u>
Expenses:			
Program services:			
Research	3,468,478	-	3,468,478
Public information	<u>295,537</u>	<u>-</u>	<u>295,537</u>
Total program services	<u>3,764,015</u>	<u>-</u>	<u>3,764,015</u>
Supporting services:			
Management and general	674,903	-	674,903
Fundraising	<u>1,301,612</u>	<u>-</u>	<u>1,301,612</u>
Total supporting services	<u>1,976,515</u>	<u>-</u>	<u>1,976,515</u>
Total expenses	<u>5,740,530</u>	<u>-</u>	<u>5,740,530</u>
Changes in net assets	1,497,429	488,221	1,985,650
Net assets - beginning of year	<u>6,172,182</u>	<u>6,833,694</u>	<u>13,005,876</u>
<b>NET ASSETS - END OF YEAR</b>	<b><u>\$ 7,669,611</u></b>	<b><u>\$ 7,321,915</u></b>	<b><u>\$ 14,991,526</u></b>

See accompanying notes to financial statements.



**ISRAEL CANCER RESEARCH FUND, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Services			Supporting Services				
	Research	Public Information	Total	Management and General	Fundraising	Direct Benefit to Donors	Total	Total
Compensation and related expenses:								
Salaries and wages	\$ 425,778	\$ 139,692	\$ 565,470	\$ 321,818	\$ 878,824	\$ -	\$ 1,200,642	\$ 1,766,112
Payroll taxes	26,114	9,086	35,200	21,666	59,450	-	81,116	116,316
Employee benefits	<u>65,067</u>	<u>13,653</u>	<u>78,720</u>	<u>34,253</u>	<u>87,935</u>	<u>-</u>	<u>122,188</u>	<u>200,908</u>
Total compensation and related expenses	516,959	162,431	679,390	377,737	1,026,209	-	1,403,946	2,083,336
Research grants awarded	3,306,666	-	3,306,666	-	-	-	-	3,306,666
Occupancy	63,743	12,792	76,535	82,610	79,191	-	161,801	238,336
Professional fees:								
Accounting and legal	-	-	-	48,517	4,268	-	52,785	52,785
Consulting	12,533	-	12,533	8,133	67,110	-	75,243	87,776
Outside services	25,625	-	25,625	15,961	87,604	-	103,565	129,190
Office and administration	7,822	1,409	9,231	50,640	110,860	-	161,500	170,731
Meals and entertainment	-	236	236	1,682	41,766	188,577	232,025	232,261
Travel	29,420	245	29,665	291	25,576	-	25,867	55,532
Conferences, meetings and event space	41,656	-	41,656	-	94,560	-	94,560	136,216
Advertising and public relations	790	-	790	14,939	12,357	-	27,296	28,086
Information technology	5,246	1,053	6,299	47,796	7,001	-	54,797	61,096
Bad debts	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,675</u>	<u>-</u>	<u>-</u>	<u>20,675</u>	<u>20,675</u>
Total expenses before depreciation and donated services	4,010,460	178,166	4,188,626	668,981	1,556,502	188,577	2,414,060	6,602,686
Depreciation	34,299	6,883	41,182	22,824	42,611	-	65,435	106,617
Donated services	<u>373,554</u>	<u>-</u>	<u>373,554</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>378,554</u>
Total expenses	4,418,313	185,049	4,603,362	691,805	1,604,113	188,577	2,484,495	7,087,857
Less: expenses included with revenues on the statement of activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>188,577</u>	<u>188,577</u>	<u>188,577</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u><u>\$ 4,418,313</u></u>	<u><u>\$ 185,049</u></u>	<u><u>\$ 4,603,362</u></u>	<u><u>\$ 691,805</u></u>	<u><u>\$ 1,604,113</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,295,918</u></u>	<u><u>\$ 6,899,280</u></u>

See accompanying notes to financial statements.

**ISRAEL CANCER RESEARCH FUND, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services			Supporting Services				
	Research	Public Information	Total	Management and General	Fundraising	Direct Benefit to Donors	Total	Total
Compensation and related expenses:								
Salaries and wages	\$ 218,095	\$ 222,366	\$ 440,461	\$ 308,964	\$ 782,462	\$ -	\$ 1,091,426	\$ 1,531,887
Payroll taxes	16,545	15,482	32,027	23,670	55,620	-	79,290	111,317
Employee benefits	<u>41,098</u>	<u>17,518</u>	<u>58,616</u>	<u>42,245</u>	<u>50,443</u>	<u>-</u>	<u>92,688</u>	<u>151,304</u>
Total compensation and related expenses	275,738	255,366	531,104	374,879	888,525	-	1,263,404	1,794,508
Research grants awarded	2,795,000	-	2,795,000	-	-	-	-	2,795,000
Occupancy	41,561	29,874	71,435	87,052	77,977	-	165,029	236,464
Professional fees:								
Accounting and legal	-	-	-	41,799	6,929	-	48,728	48,728
Consulting	12,533	-	12,533	23,436	104,544	-	127,980	140,513
Outside services	-	-	-	8,327	46,294	-	54,621	54,621
Office and administration	7,552	4,911	12,463	39,343	77,777	-	117,120	129,583
Meals and entertainment	-	235	235	746	37,576	6,890	45,212	45,447
Travel	-	939	939	851	1,523	-	2,374	3,313
Conferences and meetings	56	-	56	800	20,568	-	21,368	21,424
Advertising and public relations	1,486	95	1,581	1,244	28,416	-	29,660	31,241
Information technology	-	-	-	39,167	787	-	39,954	39,954
Bad debts	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Total expenses before depreciation and donated services	3,133,926	291,420	3,425,346	667,644	1,290,916	6,890	1,965,450	5,390,796
Depreciation	5,727	4,117	9,844	7,259	10,696	-	17,955	27,799
Donated services	<u>328,825</u>	<u>-</u>	<u>328,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>328,825</u>
Total expenses	3,468,478	295,537	3,764,015	674,903	1,301,612	6,890	1,983,405	5,747,420
Less: expenses included with revenues on the statement of activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,890</u>	<u>6,890</u>	<u>6,890</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 3,468,478</u>	<u>\$ 295,537</u>	<u>\$ 3,764,015</u>	<u>\$ 674,903</u>	<u>\$ 1,301,612</u>	<u>\$ -</u>	<u>\$ 1,976,515</u>	<u>\$ 5,740,530</u>

See accompanying notes to financial statements.

**ISRAEL CANCER RESEARCH FUND, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Changes in net assets	\$ (1,084,532)	\$ 1,985,650
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	106,617	27,799
Bad debt expense	20,675	50,000
Non-cash lease expense	191,021	-
Donated marketable securities	(130,163)	(53,342)
Deferred rent expense	-	(7,283)
Net realized and unrealized (gain) loss on investments	607,513	(241,357)
Changes in operating assets and liabilities:		
Unconditional promises to give	224,960	1,099,294
Prepaid expenses and other current assets	25,379	34,350
Deposits	2,364	-
Accounts payable and accrued expenses	52,898	11,343
Research grants payable	178,334	(48,332)
Operating lease liabilities	(214,209)	-
Refundable advances	<u>-</u>	<u>(457,000)</u>
Net cash provided by (used in) operating activities	<u>(19,143)</u>	<u>2,401,122</u>
Cash flows from investing activities:		
Purchases of investments	(5,146,050)	(9,096,290)
Proceeds from sales and redemptions of investments	<u>4,814,295</u>	<u>5,291,820</u>
Net cash used in investing activities	<u>(331,755)</u>	<u>(3,804,470)</u>
Cash used in financing activities:		
Repayment of capital lease obligations	<u>(53,479)</u>	<u>(20,860)</u>
Net decrease in cash and cash equivalents	(404,377)	(1,424,208)
Cash and cash equivalents - beginning of year	<u>2,865,639</u>	<u>4,289,847</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 2,461,262</u></b>	<b><u>\$ 2,865,639</u></b>
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	<u>\$ 8,997</u>	<u>\$ 4,130</u>
Supplemental disclosures of noncash investing and financing activities:		
Acquisition of equipment through capital lease financing	<u>\$ -</u>	<u>\$ 286,781</u>
Operating lease liability and right-of-use assets recognized in connection with implementation of ASC 842 on January 1, 2022	<u>\$ 469,050</u>	<u>\$ -</u>
Modification of finance lease	<u>\$ 23,596</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**ISRAEL CANCER RESEARCH FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**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 2,647 projects conducted by scientists at all of the major research centers in Israel. 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. These net assets may be used at the discretion of the Organization's management and the board of trustees. The board of trustees may designate portions of these net assets as board-designated for various purposes.

*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, 2022 AND 2021**

**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 periods. Actual results could differ from those estimates.

Revenue Recognition

The Organization recognizes revenue in accordance with 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, 2022 AND 2021**

**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, 2022 AND 2021**

**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 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.

Leases

The Organization has operating lease agreements for certain buildings under terms ranging up to seven years. The Organization determines if an arrangement is a lease at the inception of the contract. At the lease commencement date, each lease is evaluated to determine whether it will be classified as an operating or finance lease. For leases with a lease term of 12 months or less (a "Short-term" lease), any fixed lease payments are recognized on a straight-line basis over such term, and are not recognized on the balance sheet.

Lease terms include the noncancellable portion of the underlying leases along with any reasonably certain lease periods associated with available renewal periods, termination options and purchase options. The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices. The Organization uses the risk-free discount rate when the rate implicit in the lease is not readily determinable at the commencement date in determining the present value of lease payments.

Certain leases contain fixed and determinable escalation clauses for which the Organization recognizes rental expense under these leases on the straight-line basis over the lease terms, which includes the period of time from when the Organization takes possession of the leased space and the cumulative expense recognized on the straight-line basis in excess of the cumulative payments is included in other non-current liabilities through 2021 prior to the adoption of Topic 842. The lease agreements do not contain any material residual value guarantees or material restrictive covenants. In connection with the adoption of ASC 842 as of January 1, 2022, the Organization reclassified these deferred rent liabilities of \$58,987 to the operating lease right-of-use assets. In 2021, in accordance with ASC 840, a deferred rent obligation was recorded and amortized to income over the lease term as a reduction of rent expense.

Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Organization recognizes lease expense for these leases on a straight-line basis over the lease term.

**ISRAEL CANCER RESEARCH FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Recently Adopted Accounting Pronouncements

*Leases* - In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASC 842") as amended, which requires the recording of operating lease right-of-use assets and lease liabilities and the expanded disclosure for operating and finance leasing arrangements. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement. The Organization adopted ASC 842 under the modified retrospective method at the beginning the 2022 or January 1, 2022.

The Organization adopted the package of practical expedients available at transition that retained the lease classification under ASC 840 and initial direct costs for any leases that existed prior to adoption of the standard. Contracts entered into prior to adoption were not reassessed for leases or embedded leases. In addition, the Organization used hindsight in determining lease term and considerations for impairment. The Organization made the accounting policy elections to not recognize short-term leases on the balance sheet and to utilize the risk-free discount rate when the rate implicit in the lease is not readily determinable.

Upon adoption of ASC 842, leases previously accounted for as a capital lease in prior reporting periods were reassessed as financing leases.

In addition, at the date of initial application, the Organization recorded operating lease right-of-use assets and aggregate operating lease liabilities in the amount of \$469,050.

*In-kind Contributions* - In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"), which is intended to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The Organization adopted ASU 2020-07 as of January 1, 2022, and has determined that the application of ASU 2020-07 did not have a material impact on the Organization's financial statements and related disclosures.

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 10). For the years ended December 31, 2022 and 2021, the Organization received \$378,554 and \$328,825, respectively, in program research services which are reflected as "Donated services" in the accompanying statements of activities and functional expenses.



**ISRAEL CANCER RESEARCH FUND, INC.**  
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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Donated Services (Continued)

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 the program and supporting services in reasonable amounts and ratios determined by management.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and employee benefits	Time and effort
Research grants	Directly charged
Professional fees	Directly charged
Occupancy	Time and effort
Conference, meetings	Directly charged

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.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events through June 8, 2023, the date on which these financial statements were available to be issued. Except as disclosed in Note 16, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

**ISRAEL CANCER RESEARCH FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 3. LIQUIDITY AND AVAILABILITY**

The following represents the Organization's financial assets as of December 31, 2022:

Financial assets at year end:	
Cash and cash equivalents	\$ 2,461,262
Investments	11,471,988
Unconditional promises to give, net	<u>1,805,098</u>
Total financial assets at year end	15,738,348
Less: amounts not available to be used within one	
year - net assets with donors restrictions	7,132,678
Less: board-designated portion of endowment	748,053
Plus: net assets with purpose restrictions to be met in	
less than a year	<u>1,548,390</u>
Financial assets available to meet general	
expenditures over the next 12 months	<u>\$ 9,406,007</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. Board-designated endowment funds totaling \$748,053 are available to the Organization for operations upon approval of the Board of Trustees.

**NOTE 4. UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give at December 31, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 1,227,564	\$ 1,417,255
Receivable in one to five years	<u>796,000</u>	<u>801,500</u>
Total unconditional promises to give	2,023,564	2,218,755
Less: unamortized discount	123,166	75,422
Less: allowances for uncollectible promises to give	<u>95,300</u>	<u>92,600</u>
Net unconditional promises to give at December 31	<u>\$ 1,805,098</u>	<u>\$ 2,050,733</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 1.47% to 4.8% depending upon the date pledged.

As of December 31, 2022 and 2021, 70% and 58% of the Organization's receivables from unconditional promises to give were from two donors and three donors, respectively.

Based on management's past experience, the aging of receivables and subsequent receipts, \$95,300 and \$92,600 has been reserved for doubtful collections of promises to give at December 31, 2022 and 2021, respectively.

**ISRAEL CANCER RESEARCH FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**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 table 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 table summarizes the Organization's assets measured at fair value on a recurring basis, using the fair value hierarchy, as of December 31, 2022:

<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, 2022	Valuation Technique
Exchange-traded fund - growth	\$ 1,575,994	\$ -	\$ -	\$ 1,575,994	(a)
Fixed income securities:					
Corporate bonds	-	7,654,859	-	7,654,859	(a)
U.S. government bonds	-	1,325,816	-	1,325,816	(a)
Israel government bonds	-	915,319	-	915,319	(a)
Total	<u>\$ 1,575,994</u>	<u>\$ 9,895,994</u>	<u>\$ -</u>	<u>\$ 11,471,988</u>	

The following table summarizes the Organization's assets measured at fair value on a recurring basis, using the fair value hierarchy, as of December 31, 2021:

<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, 2021	Valuation Technique
Exchange-traded fund - growth	\$ 1,957,310	\$ -	\$ -	\$ 1,957,310	(a)
Fixed income securities:					
Corporate bonds	-	7,398,470	-	7,398,470	
U.S. government bonds	-	1,340,432	-	1,340,432	(a)
Israel government bonds	-	921,373	-	921,373	(a)
Total	<u>\$ 1,957,310</u>	<u>\$ 9,660,275</u>	<u>\$ -</u>	<u>\$ 11,617,585</u>	

**ISRAEL CANCER RESEARCH FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**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, 2022:

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.

Corporate bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

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 those of 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.

During the years ended December 31, 2022 and 2021, there were no transfers between levels of the fair value hierarchy.

**NOTE 6. PROPERTY AND EQUIPMENT**

As of December 31, 2022 and 2021, property and equipment consisted of the following:

	<u>2022</u>	<u>2021</u>
Computer equipment and software	\$ 126,913	\$ 152,909
Furniture and fixtures	23,300	24,612
Leasehold improvements	6,357	6,357
Computer equipment, finance lease asset	<u>310,377</u>	<u>286,781</u>
	466,947	470,659
Less: accumulated depreciation	<u>223,630</u>	<u>144,322</u>
	<u>\$ 243,317</u>	<u>\$ 326,337</u>

Depreciation expense amounted to \$106,617 and \$27,799 for the years ended December 31, 2022 and 2021, respectively. These amounts include \$56,933 and \$22,760 for the years December 31, 2022 and 2021, related to equipment under finance leases. Accumulated amortization associated with assets under finance leases for the years ended December 31, 2022 and 2021, was \$79,693 and \$22,760, respectively.

**NOTE 7. RESEARCH GRANTS PAYABLE**

Grants Authorized but Unpaid

Grants of \$1,518,334 and \$1,340,000, authorized but not disbursed as of December 31, 2022 and 2021, 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 \$3,683,332 as of December 31, 2022, 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, 2022, are as follows:

<u>Grant Year</u>	<u>Expected Awards</u>
2023-24	\$ 2,441,666
2024-25	<u>1,241,666</u>
	<u>\$ 3,683,332</u>

**NOTE 8. NET ASSETS**

Net assets at December 31, 2022 and 2021, consisted of:

	<u>2022</u>	<u>2021</u>
Net assets without donor restrictions:		
Undesignated	\$ 5,782,946	\$ 6,225,168
Board-designated endowment	748,053	1,118,106
Net investment in property and equipment	<u>243,317</u>	<u>326,337</u>
Total net assets without donor restrictions	<u>\$ 6,774,316</u>	<u>\$ 7,669,611</u>
Net assets with donor restrictions:		
Subject to expenditure for specified purposes:		
Grant awards and other program activities	\$ 4,488,003	\$ 4,686,725
Subject to the Organization's spending policy and appropriation:		
Accumulated gains on funds restricted in perpetuity	95,383	85,898
Endowment funds restricted in perpetuity	<u>2,549,292</u>	<u>2,549,292</u>
Total net assets with donor restrictions	<u>\$ 7,132,678</u>	<u>\$ 7,321,915</u>

**NOTE 9. 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.

**ISRAEL CANCER RESEARCH FUND, INC.**  
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**NOTE 9. ENDOWMENT FUNDS (CONTINUED)**

The composition of endowment net assets for these funds and the changes in endowment net assets as of December 31, 2022 and 2021, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - January 1, 2021	\$ 689,853	\$ 2,621,929	\$ 3,311,782
Investment income	35,035	17,662	52,697
Net appreciation (depreciation)	<u>393,218</u>	<u>(4,401)</u>	<u>388,817</u>
Endowment net assets - December 31, 2021	1,118,106	2,635,190	3,753,296
Investment income	36,713	35,008	71,721
Net depreciation	<u>(406,766)</u>	<u>(12,262)</u>	<u>(419,028)</u>
Endowment net assets - December 31, 2022	<u>\$ 748,053</u>	<u>\$ 2,657,936</u>	<u>\$ 3,405,989</u>

**NOTE 10. 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 scored proposals are then evaluated and prioritized for funding by the Organization's International Scientific Council, which presents its 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) Research Professorship Grants, which are awarded to full-time senior faculty or persons in equivalent positions who have made outstanding contributions to cancer research. The current stipend for a Professorship is \$100,000 per year for five years or a total of \$500,000.
- (b) Acceleration Grants, which are intended to speed up the Organization's 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 stipend for an Acceleration Grant is \$70,000 per year for two years or a total of \$140,000.
- (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 stipend 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 10. 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 stipend for a Research Career Development Award is \$45,000 per year for three years or a total of \$135,000.
- (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 stipend 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 stipend for a Postdoctoral Fellowship is \$30,000 per year for three years or a total of \$90,000.
- (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 stipend 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 current stipend for a Mark Initiative Grant is \$100,000 per year for three years or a total of \$300,000.
- (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 stipend 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. This was a five-year program that is now winding down with two current collaborative grants of \$110,000 per year for two years, or a total of \$220,000 each. An annual symposium bringing researchers from the United States and Israel together to present research discoveries made under the Barron Program was held virtually, with the final symposium held virtually in February of 2022.

**ISRAEL CANCER RESEARCH FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10. PROGRAMMATIC ACTIVITIES (CONTINUED)**

Research (Continued)

During 2022, the Organization funded scientists at 10 research institutions in Israel and has arranged that all funds granted are provided to the scientists for research, with no overhead charge paid to the institutions. The Organization also partnered with several other cancer research funding organizations to support collaborative research efforts between Israeli and North American scientists. The Organization's funds were used to support the Israeli-based research, while the partner organizations funded the North American collaborators.

Two scientists funded by the Organization were awarded the Nobel Prize in Chemistry in 2004, and many other Israeli scientists funded by the Organization have also received international recognition by being conferred with other prestigious prizes and awards.

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 11. 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 2022 and 2021, advertising and public relations costs totaled \$28,086 and \$31,241, respectively.

**NOTE 12. EMPLOYEE BENEFIT PLAN**

The Organization maintains a 403(b) plan covering all eligible employees. During 2022 and 2021, the Organization made contributions to the plan amounting to \$32,229 and \$27,023, respectively, which are included in "Employee benefits" in the accompanying statements of functional expenses.

**NOTE 13. 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. At December 31, 2022 and 2021, such excess amounts were approximately \$1,542,000 and \$2,115,000, respectively. The



**ISRAEL CANCER RESEARCH FUND, INC.**  
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**NOTE 13. CONCENTRATION OF CREDIT RISK (CONTINUED)**

Organization has not experienced any losses in such accounts.

**NOTE 14. COMMITMENTS AND CONTINGENCIES**

Finance Leases

The Organization acquired computer equipment under finance leases with an interest rate of 3.57%, expiring through October 2026. Underlying assets associated with these finance leases are included in property and equipment in the accompanying statements of financial position.

Components of finance lease expense for the years ended December 31, 2022, were approximately as follows:

Finance lease costs:

Amortization of finance lease liabilities	\$ 56,933
Interest on lease liabilities	<u>8,997</u>
Total finance lease costs	<u>\$ 65,930</u>

Operating Leases

In addition to finance leases, the Organization has operating leases for office space in New York and Illinois that expire through February 2024. Total operating lease expense, for the years ended December 31, 2022 and 2021, was \$214,041 and \$213,654, respectively.

Short term lease costs included in total operating lease expense were \$19,733 for the year ended December 31, 2022.

Maturities of lease liabilities as of December 31, 2022, are as follows:

<u>Year ending December 31:</u>	<u>Finance</u> <u>Leases</u>	<u>Operating</u> <u>Leases</u>
2023	\$ 65,976	\$ 221,577
2024	65,976	37,080
2025	65,976	-
2026	<u>54,980</u>	<u>-</u>
Net minimum lease payments	252,908	258,657
Less: interest	<u>16,870</u>	<u>1,078</u>
Present value of lease liabilities	<u>\$ 236,038</u>	<u>\$ 257,579</u>

Supplemental cash flow information related to leases was as follows:

Cash paid for amounts included in the measurement of lease liabilities:	<u>2022</u>
Operating cash flows from operating leases	\$ 214,209
Operating cash flows from finance leases	8,997
Financing cash flows from finance leases	53,479

**ISRAEL CANCER RESEARCH FUND, INC.**  
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**NOTE 14. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

Operating Leases (Continued)

Average lease terms and discount rates were as follows:

Weighted-average remaining lease term (in years):	
Finance leases	3.75
Operating leases	1.16
Weighted-average discount rate (%):	
Finance leases	3.57
Operating leases	0.77

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 15. RELATED ENTITIES**

The Organization has 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's involvement in the awarding of research grants by the local chapters through its International Board of Trustees and Scientific Review Panel. The Organization awarded \$1,768,000 and \$1,628,000 in grants on behalf of its Canadian and Israeli affiliates in 2022 and 2021, respectively.

**NOTE 16. UNCERTAINTY REGARDING IMPACTS OF RECENT DISRUPTIONS IN U.S. BANKING SYSTEM**

In March 2023, the shut-down of certain financial institutions raised economic concerns over disruptions in the U.S. banking system. The U.S. government took certain actions to strengthen public confidence in the U.S. banking system. However, there can be no certainty that the actions taken by the U.S. government will be effective in mitigating the effects of financial institution failures on the economy and restoring public confidence in the U.S. banking system. Additional financial institution failures may occur in the near term that may limit access to short-term liquidity or have adverse impacts to the economy. As disclosed in Note 13, the Organization maintains cash amounts in excess of federally insured limits in the aggregate amount of \$1,542,000, as of December 31, 2022, and has certain concentrations in credit risk that expose the Organization to risk of loss if the counterparty is unable to perform as a result of future disruptions in the U.S. banking system or economy. Given the uncertainty of the situation, the related financial impact cannot be reasonably estimated at this time.