

National Foundation for Cancer Research, Inc.

Consolidated Financial Statements

For the Year Ended December 31, 2013

NATIONAL FOUNDATION FOR CANCER RESEARCH, INC.
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FOR THE YEAR ENDED DECEMBER 31, 2013

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
National Foundation for Cancer Research, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of National Foundation for Cancer Research, Inc. and affiliates, which comprise the consolidated statement of financial position as of December 31, 2013 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of National Foundation for Cancer Research, Inc. and affiliates as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



A Professional Corporation
Bethesda, MD
April 29, 2014

NATIONAL FOUNDATION FOR CANCER RESEARCH, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

ASSETS

ASSETS

Cash	\$ 2,530,048
Accounts receivable	217,886
Prepaid expenses and other assets	434,264
Furniture and equipment, net of accumulated depreciation and amortization	65,818
Investments	7,607,069
Amounts held in trust by others	<u>2,094,033</u>

TOTAL ASSETS \$ 12,949,118

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 749,694
Research contracts and grants payable	1,608,286
Accrued compensation and benefits	<u>124,742</u>

TOTAL LIABILITIES 2,482,722

NET ASSETS

Unrestricted	
Designated for research	4,538,016
Undesignated	<u>2,641,231</u>
	7,179,247
Temporarily restricted	1,591,402
Permanently restricted	<u>1,695,747</u>

TOTAL NET ASSETS 10,466,396

TOTAL LIABILITIES AND NET ASSETS \$ 12,949,118

**NATIONAL FOUNDATION FOR CANCER RESEARCH, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT				
Public support	\$ 11,320,114	\$ 278,514	\$ -	\$ 11,598,628
Bequests	1,159,889	-	-	1,159,889
Mailing list rental	327,562	-	-	327,562
Investment income	604,370	-	-	604,370
Change in value of split-interest agreements	(19,133)	47,027	123,852	151,746
Other revenue	60,814	-	-	60,814
Non-cash research support	849,039	-	-	849,039
Net assets released from restrictions	576,905	(576,905)	-	-
TOTAL REVENUE AND SUPPORT	<u>14,879,560</u>	<u>(251,364)</u>	<u>123,852</u>	<u>14,752,048</u>
EXPENSES				
Program services				
Research	5,026,830	-	-	5,026,830
Public education and information	5,809,318	-	-	5,809,318
	<u>10,836,148</u>	<u>-</u>	<u>-</u>	<u>10,836,148</u>
Supporting services				
Fundraising	2,685,574	-	-	2,685,574
Management and general	790,641	-	-	790,641
	<u>3,476,215</u>	<u>-</u>	<u>-</u>	<u>3,476,215</u>
TOTAL EXPENSES	<u>14,312,363</u>	<u>-</u>	<u>-</u>	<u>14,312,363</u>
EFFECT OF DECONSOLIDATION	<u>(346,722)</u>	<u>-</u>	<u>-</u>	<u>(346,722)</u>
CHANGE IN NET ASSETS	220,475	(251,364)	123,852	92,963
NET ASSETS AT BEGINNING OF YEAR	<u>6,958,772</u>	<u>1,842,766</u>	<u>1,571,895</u>	<u>10,373,433</u>
NET ASSETS AT END OF YEAR	<u>\$ 7,179,247</u>	<u>\$ 1,591,402</u>	<u>\$ 1,695,747</u>	<u>\$ 10,466,396</u>

NATIONAL FOUNDATION FOR CANCER RESEARCH, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

EXPENSES	Cancer Research	Public Education and Information	Fundraising	Management and General	Total
Accounting and auditing	\$ -	\$ -	\$ -	\$ 45,180	\$ 45,180
Bank and payroll service fees	-	-	-	136,041	136,041
Cancer patient assistance fund	126,035	-	-	-	126,035
Creative fees	-	13,751	9,549	-	23,300
Data services	7,210	527,037	171,249	6,917	712,413
Depreciation and amortization	8,462	7,599	2,451	3,060	21,572
Dues and subscriptions	4,878	2,346	1,295	11,340	19,859
Insurance	14,225	12,716	4,122	5,131	36,194
Investment fees	-	-	-	52,977	52,977
Legal fees and expenses	3,392	-	-	60,591	63,983
Licenses and permits	-	-	-	27,572	27,572
Listing processing fees	-	46,729	19,811	-	66,540
List rental	-	386,486	93,306	-	479,792
Lockbox and data entry	-	127,986	55,756	-	183,742
Major gifts	-	-	7,252	-	7,252
Mailshop fees	-	309,167	573,398	-	882,565
Miscellaneous	296	-	-	10,858	11,154
Non-cash contributions	849,039	-	-	-	849,039
Occupancy	85,801	76,316	24,880	31,398	218,395
Office supplies and expenses	11,315	10,164	3,271	(6,933)	17,817
Other professional fees	6,101	174,851	42,595	19,747	243,294
Personnel	854,334	776,305	277,663	314,388	2,222,690
Planned giving	-	-	3,414	2,758	6,172
Postage	427	1,871,582	759,312	6,575	2,637,896
Printing and publication	-	1,386,808	607,815	12,507	2,007,130
Production fees	-	825	1,675	-	2,500
Public education and website	240	68,168	24,275	563	93,246
Research contracts and grants	3,011,186	-	-	-	3,011,186
Telephone services	8,215	7,864	2,394	3,099	21,572
Travel and business meetings	35,674	2,618	91	46,872	85,255
TOTAL EXPENSES	\$ 5,026,830	\$ 5,809,318	\$ 2,685,574	\$ 790,641	\$ 14,312,363

**NATIONAL FOUNDATION FOR CANCER RESEARCH, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	92,963
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Effect of deconsolidation		346,722
Net gain on investments		(315,299)
Donated stock		(35,625)
Depreciation and amortization		21,572
(Increase) decrease in		
Accounts receivable		(62,890)
Contributions receivable		1,300,000
Prepaid expenses and other assets		21,311
Amounts held in trust by others		(170,879)
Increase (decrease) in		
Accounts payable		(19,330)
Research contracts and grants payable		(626,132)
Accrued compensation and benefits		1,788
		554,201

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of furniture and equipment		(43,676)
Purchases of investments		(1,901,545)
Sales of investments		1,753,629
		(191,592)

INCREASE IN CASH

362,609

CASH AT BEGINNING OF YEAR

2,167,439

CASH AT END OF YEAR

\$ 2,530,048

**NATIONAL FOUNDATION FOR CANCER RESEARCH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 1: ORGANIZATION

The National Foundation for Cancer Research, Inc. (NFCR) was incorporated in Massachusetts in 1973 to support basic science cancer research projects including the theories of Dr. Albert Szent-Gyorgyi, who discovered Vitamin C. The purposes of the NFCR are to conduct basic science cancer research and to provide educational information about cancer to the public.

The NFCR established six tax exempt entities: the Cancer Research Laboratories Foundation, Inc. (established in 1996), the Cancer Research Coalition (established in 1997), the Fund for Inherited Disease Research (FIDR), the Consortium for Clinical Diagnostics (CCDx), NFCR Western Chapter, and the NFCR Mid-Atlantic Chapter. Both the Cancer Research Laboratories Foundation, Inc. and the Cancer Research Coalition were inactive for the year ended December 31, 2013. The Fund for Inherited Disease Research, Inc. (FIDR) was incorporated in October 2000 as a tax-exempt supporting organization to the Foundation. The Western and Mid-Atlantic chapters were created in 2011 to assist with fundraising.

FIDR conducts research focused on the correction of genetic mutations in chromosomal DNA. In an effort to streamline research related to these types of cancer, FIDR transitioned its cancer related research operations to other organizations and is in the process of dissolving the organization.

CCDx is a partnership of scientists at research institutions and biopharmaceutical companies dedicated to facilitating genomic research and developing new diagnostic tools. CCDx provides a centralized infrastructure and expertise in genomics and molecular imaging as well as translational medicine.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements of the National Foundation for Cancer Research, Inc. and Affiliates (collectively, the Foundation) have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Consolidation

The consolidated financial statements include the accounts and transactions of the NFCR, and the accounts and transactions of FIDR, NFCR Western Chapter, NFCR Mid-Atlantic Chapter, and CCDx. All significant intercompany transactions and accounts have been eliminated.

Accounting Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and the disclosure of contingencies, if any, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Due to Asian Fund for Cancer Research Limited

During 2013, the Asian Fund for Cancer Research (AFCR) contributed \$30,000 to NFCR for cancer research and incurred expenses of \$8,500 for NFCR staff time spent assisting AFRCR. As of December 31, 2013, due from AFRCR was \$73,990 and is included in accounts receivable on the consolidated statement of financial position.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Accounts Receivable

Receivables are carried at original invoice amounts less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. At December 31, 2013, the Foundation had no receivable balances greater than 90 days outstanding. Recoveries of receivables previously written off are recorded when received. Management believes the amount in accounts receivable at December 31, 2013, is fully collectible.

Net Assets

Net assets are reported as temporarily restricted or permanently restricted if they arise from contributions received with donor stipulations on their use. Temporarily restricted net assets are the portion of net assets resulting from contributions or other inflows of assets whose use is limited by donor-imposed stipulations that can be removed by the passage of time or action of the organization pursuant to those stipulations. Permanently restricted net assets are the portion of net assets whose use is limited by donor-imposed stipulation that cannot be removed by the passage of time or action of the organization.

Unrestricted net assets are the portion of net assets that are not subject to limitations imposed by donors, but which may be subject to limitations and allocations imposed by the board of directors.

Bequests

The Foundation is the beneficiary under various wills and trust agreements. The Foundation records such amounts when notified that the amounts have cleared probate.

Prepaid Expenses

Prepaid expenses generally include insurance, rent, and unused postage paid prior to December 31.

Furniture and Equipment

Furniture and equipment are capitalized at cost. Depreciation and amortization are computed using the straight-line method over the following estimated useful lives:

Office furniture and equipment	5 - 10 years
Computers, software and equipment	3 - 10 years

Leasehold improvements are amortized over the remaining term of the lease.

Investments

Investments are stated at fair value determined as follows:

- U.S. government securities, exchange traded funds, mutual funds and common and preferred stocks are valued based on quoted market prices.
- Corporate bonds and municipal bonds are valued using the closing price reported of like assets, corroborated market data, indices and/or yield curves.
- Certain corporate stocks are valued at an estimated fair value as determined by the NFCR. The estimated fair values of these investments are based on mathematical models or the underlying assets' fair values which include a combination of quoted market prices and mathematical models.
- Money market funds are valued at cost, which approximates fair value.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The gains and losses (unrealized and realized) in the fair value of investments is comprised of the net change in the fair value of investments bought, sold and held during the year. Purchases and sales of investments are reflected on a trade date basis. Dividend income is recognized as of the ex-dividend date. All other income from investments is recognized as earned on the accrual basis.

Amounts Held in Trust by Others

Amounts held in trust by others include perpetual trusts and interests in charitable trusts. The perpetual trusts are stated at fair value of the assets using the closing price reported of like assets, corroborated market data, indices and/or yield curves. NFCR's interests in charitable trusts are stated at fair value using the closing price reported of like assets, corroborated market data, indices and/or yield curves, representing the estimated amount to be received at the termination of the trusts.

Mailing List Rental Revenue

Revenue from mailing list rentals is recognized at the time these client lists are mailed out to the entities that requested them. Mailing list rental revenue is recorded net of the fee charged by the mailing list broker.

Contributions

Public support is recorded as revenue when contributions, which include unconditional promises to give (pledges), are unconditionally committed. The Foundation has adopted a policy of recording donor-restricted contributions as unrestricted revenue if the restrictions are met in the same reporting period as the gift is received.

Research Contracts and Grants

NFCR awards both research contracts and grants.

Research Contracts

NFCR enters into agreements with universities and other institutions to conduct scientific research on their premises, in accordance with policies established by the board of directors of NFCR. Research contracts payable represents research expenses incurred during the year ended December 31, 2013 under these contracts, but not yet paid to the institutions by December 31, 2013. NFCR records the expenses on these contracts in the period they are incurred based on the expenditure reports submitted by the institution.

Grants

NFCR awards certain research grants to selected scientists to fund their research programs in accordance with policies established by the board of directors of NFCR. NFCR records these as expenses once the grants are awarded. Grants payable represents such awards that have not yet been paid to the respective scientists by December 31, 2013.

Functional Allocation of Expenses

The costs of providing the Foundation's programs and services are summarized on a functional basis in the accompanying consolidated financial statements. Accordingly, certain costs have been allocated between the programs and services benefited.

Subsequent Events

In preparing these consolidated financial statements, management has evaluated events and transactions that occurred after December 31, 2013 for potential recognition or disclosure in the consolidated financial statements. These events and transactions were evaluated through April 29, 2014, the date that the consolidated financial statements were available to be issued.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3: TAX STATUS

NFCR has been recognized by the Internal Revenue Service (IRS) as exempt from federal income tax under Internal Revenue Code Section 501(c)(3), except on unrelated business income, if any. It qualifies as a public charity under Section 509(a)(1). FIDR and CCDx have been recognized by the IRS as exempt from federal income tax under Section 501(c)(3), except for unrelated business income, if any. They are supporting organizations to the Foundation under Section 509(a)(3). NFCR Western Chapter, a California nonprofit corporation, and NFCR Mid-Atlantic Chapter, a District of Columbia nonprofit corporation, were added in 2011 by NFCR to its roster of subordinate organizations covered under the group exemption ruling, dated April 26, 2010, the Internal Revenue Service issued to NFCR. Both chapters are exempted from federal income tax as organizations described under section 501(c)(3) of the Internal Revenue Code of 1986 as amended.

Accounting principles generally accepted in the United States of America require management to evaluate income tax positions taken and accrue an income tax liability if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has evaluated the income tax positions taken and concluded that as of December 31, 2013 there are no uncertain positions taken or expected to be taken that would require accrual of a liability in the consolidated financial statements. NFCR and affiliates are subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. Management believes the NFCR is no longer subject to income tax examinations for years prior to the year ended 2010.

NOTE 4: RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods at December 31, 2013:

Net assets subject to time restrictions imposed by charitable trusts	\$ 418,288
Net assets subject to restrictions on use	<u>1,173,114</u>
	<u>\$ 1,591,402</u>

Temporarily restricted net assets released from restriction for the year ended December 31, 2013, represent expenditures spent for specific types of cancer research that have accomplished the imposed restrictions.

Permanently restricted net assets consist of perpetual trusts for which NFCR is named as a beneficiary.

NOTE 5: INVESTMENTS

At December 31, 2013, the Foundation's consolidated investments consisted of the following:

Money market	\$ 334,620
Corporate bonds	1,392,562
Government bonds	1,015,166
Common and preferred stocks	2,417,802
Mutual funds	1,748,349
Exchange traded funds	673,146
Municipal bonds	<u>25,424</u>
	<u>\$ 7,607,069</u>

NOTE 5: INVESTMENTS - continued

The Foundation's consolidated investment income for the year ended December 31, 2013, consisted of the following:

Investment and dividend income	\$	289,071
Realized gains		80,774
Unrealized gains		234,525
	\$	604,370

NOTE 6: FAIR VALUE

Generally accepted accounting principles define fair value as 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, establish a fair value reporting hierarchy and define three broad levels of inputs (the assumptions that market participants would use in pricing the asset or liability) as noted below:

Level 1

Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2

Inputs are quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3

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

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

A description of the valuation methodology is included in Note 2 and the valuation methodology was not changed during the year ended December 31, 2013.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period.

For the year ended December 31, 2013, there were no transfers in or out of levels 1, 2 or 3.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6: FAIR VALUE - continued

As of December 31, 2013, assets measured at fair value on a recurring basis are summarized by level within the fair value hierarchy as follows:

	2013			Total Fair Value
	Level 1	Level 2	Level 3	
Money market	\$ 334,620	\$ -	\$ -	\$ 334,620
Corporate bonds	-	1,392,562	-	1,392,562
Government bonds	1,015,166	-	-	1,015,166
Common and preferred stocks	2,417,802	-	-	2,417,802
Mutual funds	1,748,349	-	-	1,748,349
Exchange traded funds	673,146	-	-	673,146
Municipal bonds	-	25,424	-	25,424
Amounts held in trust by others	-	2,094,033	-	2,094,033
	<u>\$ 6,189,083</u>	<u>\$ 3,512,019</u>	<u>\$ -</u>	<u>\$ 9,701,102</u>

The following table represents a reconciliation for the year ended December 31, 2013 for corporate stock investments measured at fair value on a recurring basis using Level 3 inputs:

Balance at January 1, 2013	\$ 167,442
Sales	(300)
Realized loss	<u>(167,142)</u>
Balance at December 31, 2013	<u>\$ -</u>

NOTE 7: FURNITURE AND EQUIPMENT

As of December 31, 2013, the Foundation's furniture and equipment consists of the following:

Office furniture and equipment	\$ 136,024
Computer equipment and software	61,994
Leasehold improvements	<u>2,464</u>
	200,482
Accumulated depreciation and amortization	<u>(134,664)</u>
	<u>\$ 65,818</u>

NOTE 8: AMOUNTS HELD IN TRUST BY OTHERS

The Foundation is the beneficiary of several split-interest agreements, including irrevocable perpetual trusts and charitable trusts, as described in Internal Revenue Code Section 664. The Foundation does not exercise control over the trusts' assets, which are held and administered by third-party trustees.

Under the perpetual trusts, the donors established and funded a trust whereby the Foundation is the beneficiary of the income on the trust assets as earned in perpetuity with no restrictions on use. Under the charitable trusts, the donors established and funded a trust whereby the Foundation receives income distributions from the trust and will receive a percentage of trust assets at the termination of the trust.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8: AMOUNTS HELD IN TRUST BY OTHERS - continued

Fair value of perpetual trusts at December 31, 2013, is \$1,675,747. The change in the beneficial interest in perpetual trusts for the year ended December 31, 2013 is \$123,852, and is included in the change in value of split-interest agreements on the statement of activities.

The Foundation's interests in charitable trusts at December 31, 2013 is \$418,288. The change in the beneficial interest in charitable trusts for the year ended December 31, 2013 is \$47,027, and is included in the change in value of split-interest agreements on the statement of activities.

NOTE 9: RESEARCH CONTRACTS

At December 31, 2013, the board of directors has designated unrestricted net assets in order to fulfill contract commitments to universities and institutions for research amounting to \$4,538,016.

NOTE 10: LEASE COMMITMENTS

NFCR leases office space under a noncancelable operating lease in effect through February 28, 2018. Base rent is \$16,224, increases each year by 3% and includes two months of free rent each lease year. As of December 31, 2013, the minimum rental commitments for leases for the years ending December 31, are as follows:

2014	\$ 176,179
2015	181,466
2016	186,897
2017	192,507
2018	<u>38,624</u>
	<u>\$ 775,673</u>

Occupancy expense for the year ended December 31, 2013, was \$218,395.

NOTE 11: RETIREMENT PLAN

NFCR offers a 401(k) Savings Plan for the benefit of its employees. Under the plan, NFCR makes a 3% safe harbor contribution to eligible employees right after hire and a discretionary contribution after one year of service. The discretionary contribution percentage for officers is determined by the board of directors, for senior managers is 12% and for the rest of the employees is 9% of their respective base salaries. The safe harbor and discretionary contribution that NFCR makes to the plan is unrelated to whether an employee makes an elective deferral in a particular year. Employees are eligible to participate in the plan if they work more than 1,000 hours of service. For the year ended December 31, 2013, retirement expense was \$228,197

NOTE 12: ALLOCATION OF JOINT COSTS

For the year ended December 31, 2013, the Foundation incurred joint costs of \$6,769,524 for informational materials and activities that included fundraising appeals, which were allocated at follows:

Public education and information	\$ 4,857,176
Cancer research	240
Fundraising	1,911,545
Management and general	<u>563</u>
	<u>\$ 6,769,524</u>

NOTE 13: CONCENTRATIONS

Financial instruments that subject the Foundation to concentrations of credit risk include cash which is invested with financial institutions. While the Foundation attempts to limit their financial exposure, their deposit balances with financial institutions may, at times, exceed the limits insured by agencies of the U.S. government. The Foundation has not experienced and management does not anticipate experiencing any credit losses on such deposits.

NOTE 14: NONCASH SUPPORT

Research contracts with universities and other institutions typically call for the reimbursement of most out-of-pocket research costs; however, many institutions also agree to donate certain chemicals, materials, equipment, and supercomputer time. These donations, provided by the institutions, become a normal part of the research program and would ordinarily be costs incurred by NFCR.

Control over these donated goods is provided through on-location project directors, who are responsible to NFCR for the research projects at the institutions.

The effect of these donations is to allow NFCR to expand the research that would otherwise be performed under the contract. The institutions provide NFCR with a measurable basis in order to quantify the estimated fair value of the donated property.

For the year ended December 31, 2013, noncash support consisted of the following:

Contract rights for use of supercomputer time	\$	256,450
Chemicals, materials and equipment		<u>592,589</u>
	\$	<u><u>849,039</u></u>

NOTE 15: EFFECT OF DECONSOLIDATION

AFCR is an independent legal charity based in Hong Kong, that is committed to fighting cancer through research in prevention, earlier diagnostic techniques, more effective treatments and ultimately, achieving one of medicine's greatest goals; curing cancer. In prior years, the financial statements of AFCR were consolidated with NFCR as they had shared board members. In 2013 AFCR elected its own independent board of directors and the accounts and transactions of AFCR are no longer consolidated with NFCR. Accordingly, the net assets of AFCR have been removed from the consolidated financial statements.

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTAL INFORMATION

Board of Directors
National Foundation for Cancer Research, Inc.

We have audited the consolidated financial statements of National Foundation for Cancer Research, Inc. as of and for the year ended December 31, 2013, and our report thereon dated April 29, 2014 which expressed an unqualified opinion on those consolidated financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statement of financial position and consolidating statement of activities are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



A Professional Corporation
Bethesda, MD
April 29, 2014

**NATIONAL FOUNDATION FOR CANCER RESEARCH, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013**

ASSETS	NFCR	Fund for Inherited Disease Research	Consortium for Clinical Diagnostics	NFCR Western Chapter	NFCR Mid Atlantic Chapter	Eliminations	Total
CURRENT ASSETS							
Cash	\$ 1,719,207	\$ 8,361	\$ 269,703	\$ 296,698	\$ 236,079	\$ -	\$ 2,530,048
Accounts receivable	334,510	-	315,183	-	-	(431,807)	217,886
Prepaid expenses and other assets	434,264	-	-	-	-	-	434,264
Furniture and equipment, net of accumulated depreciation and amortization	65,818	-	-	-	-	-	65,818
Investments	7,607,069	-	-	-	-	-	7,607,069
Amounts held in trust by others	2,094,033	-	-	-	-	-	2,094,033
TOTAL ASSETS	\$ 12,254,901	\$ 8,361	\$ 584,886	\$ 296,698	\$ 236,079	\$ (431,807)	\$ 12,949,118
LIABILITIES AND NET ASSETS							
LIABILITIES							
Accounts payable	\$ 1,049,152	\$ -	\$ -	\$ 15,115	\$ 117,234	\$ (431,807)	\$ 749,694
Research contracts and grants payable	1,608,286	-	-	-	-	-	1,608,286
Accrued compensation and benefits	124,742	-	-	-	-	-	124,742
TOTAL LIABILITIES	2,782,180	-	-	15,115	117,234	(431,807)	2,482,722
NET ASSETS							
Unrestricted							
Designated for research	4,538,016	-	-	-	-	-	4,538,016
Undesignated	1,851,190	(24,557)	414,170	281,583	118,845	-	2,641,231
	6,389,206	(24,557)	414,170	281,583	118,845	-	7,179,247
Temporarily restricted	1,387,768	32,918	170,716	-	-	-	1,591,402
Permanently restricted	1,695,747	-	-	-	-	-	1,695,747
TOTAL NET ASSETS	9,472,721	8,361	584,886	281,583	118,845	-	10,466,396
TOTAL LIABILITIES AND NET ASSETS	\$ 12,254,901	\$ 8,361	\$ 584,886	\$ 296,698	\$ 236,079	\$ (431,807)	\$ 12,949,118

NATIONAL FOUNDATION FOR CANCER RESEARCH, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

	NFCR	Fund for Inherited Disease Research	Asian Fund for Cancer Research Limited	Consortium for Clinical Diagnostics	NFCR Western Chapter	NFCR Mid Atlantic Chapter	Eliminations	Total
CHANGES IN UNRESTRICTED NET ASSETS								
Revenue and support								
Public support	\$ 10,663,990	\$ -	\$ -	\$ -	\$ 343,997	\$ 312,127	\$ -	\$ 11,320,114
Bequests	1,159,889	-	-	-	-	-	-	1,159,889
Mailing list rental	327,562	-	-	-	-	-	-	327,562
Investment income	604,370	-	-	-	-	-	-	604,370
Change in value of split-interest agreements	(19,133)	-	-	-	-	-	-	(19,133)
Other revenue	60,814	-	-	-	-	-	-	60,814
Non-cash research support	849,039	-	-	-	-	-	-	849,039
Net assets released from restrictions	508,578	-	-	68,327	-	-	-	576,905
TOTAL REVENUE AND SUPPORT	14,155,109	-	-	68,327	343,997	312,127	-	14,879,560
Expenses								
Program services								
Research	4,958,503	-	-	68,327	-	-	-	5,026,830
Public education and information	5,443,896	8,676	-	-	178,417	178,329	-	5,809,318
	<u>10,402,399</u>	<u>8,676</u>	<u>-</u>	<u>68,327</u>	<u>178,417</u>	<u>178,329</u>	<u>-</u>	<u>10,836,148</u>
Supporting services								
Fundraising	2,604,785	-	-	-	40,366	40,423	-	2,685,574
Management and general	783,046	-	-	-	3,090	4,505	-	790,641
	<u>3,387,831</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,456</u>	<u>44,928</u>	<u>-</u>	<u>3,476,215</u>
TOTAL EXPENSES	13,790,230	8,676	-	68,327	221,873	223,257	-	14,312,363
EFFECT OF DECONSOLIATION	-	-	(346,722)	-	-	-	-	(346,722)
CHANGE IN UNRESTRICTED NET ASSETS	364,879	(8,676)	(346,722)	-	122,124	88,870	-	220,475
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS								
Revenue and support								
Public support	262,789	-	-	15,725	-	-	-	278,514
Change in value of split-interest agreements	47,027	-	-	-	-	-	-	47,027
Net assets released from restrictions	(508,578)	-	-	(68,327)	-	-	-	(576,905)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	(198,762)	-	-	(52,602)	-	-	-	(251,364)
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS								
Change in value of split-interest agreements	123,852	-	-	-	-	-	-	123,852
CHANGE IN NET ASSETS	289,969	(8,676)	(346,722)	(52,602)	122,124	88,870	-	92,963
NET ASSETS AT BEGINNING OF YEAR	9,182,752	17,037	346,722	637,488	159,459	29,975	-	10,373,433
NET ASSETS AT END OF YEAR	\$ 9,472,721	\$ 8,361	\$ -	\$ 584,886	\$ 281,583	\$ 118,845	\$ -	\$ 10,466,396