

**NATIONAL FOUNDATION FOR CANCER RESEARCH, INC. AND AFFILIATES**  
**Consolidated Financial Statements**  
**December 31, 2020 and 2019**  
**With Independent Auditor's Report**

**National Foundation for Cancer Research, Inc. and Affiliates**  
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**December 31, 2020 and 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,  
National Foundation for Cancer Research, Inc. and Affiliates:

We have audited the accompanying consolidated financial statements of National Foundation for Cancer Research, Inc. and Affiliates, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years 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 audits 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, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*WithumSmith+Brown, PC*

June 7, 2021

**National Foundation for Cancer Research, Inc. and Affiliates**  
**Consolidated Statements of Financial Position**  
**December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash	\$ 2,159,501	\$ 1,564,083
Accounts receivable	70,919	201,228
Prepaid expenses and other assets	180,076	337,322
Fixed assets, net of accumulated depreciation and amortization	67,232	99,720
Investments, at fair value	5,041,975	4,349,518
Amounts held in trusts by others, at fair value	2,819,864	2,626,641
Investments, at cost	749,999	-
Right of use asset	<u>1,227,219</u>	<u>1,409,160</u>
 Total assets	 <u>\$ 12,316,785</u>	 <u>\$ 10,587,672</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable	\$ 501,689	\$ 560,095
Research contracts and grants payable	743,885	577,279
Accrued compensation and benefits	200,606	193,418
PPP loan payable	400,000	-
Lease liability	<u>1,339,955</u>	<u>1,518,243</u>
Total liabilities	<u>3,186,135</u>	<u>2,849,035</u>
Net assets		
Without donor restrictions	5,217,244	4,266,636
With donor restrictions	<u>3,913,406</u>	<u>3,472,001</u>
Total net assets	<u>9,130,650</u>	<u>7,738,637</u>
 Total liabilities and net assets	 <u>\$ 12,316,785</u>	 <u>\$ 10,587,672</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

**National Foundation for Cancer Research, Inc. and Affiliates**  
**Consolidated Statements of Activities**  
**Years Ended December 31, 2020 and 2019**

	2020			2019		
	Without Donor	With Donor	Total	Without Donor	With Donor	Total
	Restrictions	Restrictions		Restrictions	Restrictions	
<b>Revenue and support</b>						
Public support	\$ 8,290,261	\$ 400,270	\$ 8,690,531	\$ 7,548,673	\$ 704,482	\$ 8,253,155
Bequests	2,181,714	-	2,181,714	1,622,878	-	1,622,878
Mailing list rental	195,223	-	195,223	307,460	-	307,460
Net investment return	806,808	-	806,808	1,270,788	-	1,270,788
Change in value of split-interest agreements	(10,731)	193,223	182,492	(9,622)	286,711	277,089
Other revenue	25,975	-	25,975	8,932	-	8,932
Non-cash research support	103,187	-	103,187	107,405	-	107,405
Net assets released from restrictions	152,088	(152,088)	-	674,686	(674,686)	-
Total revenue and support	<u>11,744,525</u>	<u>441,405</u>	<u>12,185,930</u>	<u>11,531,200</u>	<u>316,507</u>	<u>11,847,707</u>
<b>Expenses</b>						
Program services						
Research	5,773,878	-	5,773,878	8,112,093	-	8,112,093
Public education and information	2,503,031	-	2,503,031	3,165,418	-	3,165,418
	<u>8,276,909</u>	<u>-</u>	<u>8,276,909</u>	<u>11,277,511</u>	<u>-</u>	<u>11,277,511</u>
Supporting services						
Fundraising	1,734,972	-	1,734,972	2,287,680	-	2,287,680
Management and general	782,036	-	782,036	1,071,335	-	1,071,335
	<u>2,517,008</u>	<u>-</u>	<u>2,517,008</u>	<u>3,359,015</u>	<u>-</u>	<u>3,359,015</u>
Total expenses	<u>10,793,917</u>	<u>-</u>	<u>10,793,917</u>	<u>14,636,526</u>	<u>-</u>	<u>14,636,526</u>
<b>Change in net assets</b>	950,608	441,405	1,392,013	(3,105,326)	316,507	(2,788,819)
<b>Net assets</b>						
Beginning of year	<u>4,266,636</u>	<u>3,472,001</u>	<u>7,738,637</u>	<u>7,371,962</u>	<u>3,155,494</u>	<u>10,527,456</u>
End of year	<u>\$ 5,217,244</u>	<u>\$ 3,913,406</u>	<u>\$ 9,130,650</u>	<u>\$ 4,266,636</u>	<u>\$ 3,472,001</u>	<u>\$ 7,738,637</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

**National Foundation for Cancer Research, Inc. and Affiliates**  
**Consolidated Statements of Functional Expenses**  
**Years Ended December 31, 2020 and 2019**

	2020					2019				
	Cancer Research	Public Education and Information	Fundraising	Management and General	Total	Cancer Research	Public Education and Information	Fundraising	Management and General	Total
<b>Expenses</b>										
Accounting and auditing	\$ -	\$ -	\$ -	\$ 51,280	\$ 51,280	\$ -	\$ -	\$ -	\$ 50,987	\$ 50,987
Bank and payroll service fees	-	-	-	90,467	90,467	-	-	-	115,050	115,050
Creative fees	-	1,843	2,182	-	4,025	-	1,908	1,817	-	3,725
Data services	10,867	282,599	197,460	3,011	493,937	6,910	304,672	211,127	2,717	525,426
Depreciation and amortization	17,991	9,985	3,797	5,976	37,749	16,950	10,963	3,516	6,666	38,095
Dues and subscriptions	15,210	15	19	15,354	30,598	4,072	95	-	17,345	21,512
Federal campaign	-	-	6,750	-	6,750	-	-	-	-	-
Insurance	14,494	8,054	3,041	4,836	30,425	16,369	10,589	3,405	6,458	36,821
Legal fees and expenses	437	-	-	8,607	9,044	34,566	-	-	28,126	62,692
Licenses and permits	-	-	-	20,941	20,941	-	-	-	21,473	21,473
Listing processing fees	-	12,315	9,208	-	21,523	-	26,098	18,755	-	44,853
List rental	-	50,809	22,227	-	73,036	-	101,776	51,337	-	153,113
Lockbox and data entry	-	44,310	31,857	-	76,167	-	53,479	36,918	-	90,397
Major gifts	-	-	7,174	-	7,174	-	-	9,464	-	9,464
Mail shop fees	-	93,686	308,070	-	401,756	-	120,174	482,910	-	603,084
Miscellaneous	-	997	-	30,503	31,500	-	7,557	-	171,293	178,850
Non-cash contributions	103,187	-	-	-	103,187	107,405	-	-	-	107,405
Occupancy	107,020	59,390	22,633	35,494	224,537	101,915	65,917	21,090	39,636	228,558
Office supplies and expenses	9,739	5,501	2,172	3,227	20,639	7,046	4,574	1,475	2,819	15,914
Other professional fees	288,550	95,800	84,718	21,316	490,384	248,252	99,565	66,468	8,188	422,473
Personnel	1,279,994	698,951	260,836	448,654	2,688,435	1,282,000	829,209	265,909	531,608	2,908,726
Planned giving	-	-	-	26,755	26,755	-	-	-	18,090	18,090
Postage	296	652,875	461,724	2,254	1,117,149	30	849,422	632,958	3,243	1,485,653
Printing and publication	-	424,567	285,402	-	709,969	-	631,068	458,521	8,143	1,097,732
Public education and website	640	56,836	24,008	1,500	82,984	4,725	41,269	18,910	2,373	67,277
Research contracts and grants	3,912,379	-	-	-	3,912,379	6,121,882	-	-	-	6,121,882
Telephone services	8,107	4,498	1,694	2,949	17,248	8,495	5,498	1,756	3,336	19,085
Travel and business meetings	4,967	-	-	8,912	13,879	151,476	1,585	1,344	33,784	188,189
	<u>\$ 5,773,878</u>	<u>\$ 2,503,031</u>	<u>\$ 1,734,972</u>	<u>\$ 782,036</u>	<u>\$ 10,793,917</u>	<u>\$ 8,112,093</u>	<u>\$ 3,165,418</u>	<u>\$ 2,287,680</u>	<u>\$ 1,071,335</u>	<u>\$ 14,636,526</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

**National Foundation for Cancer Research, Inc. and Affiliates**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Operating activities</b>		
Change in net assets	\$ 1,392,013	\$ (2,788,819)
Adjustments to reconcile change in net assets to net cash provided by (used) in operating activities		
Net investment return	(600,337)	(1,009,154)
Donated investment securities	(12,203)	(101,240)
Depreciation and amortization	37,749	38,095
Amounts held in trust by others	(193,223)	(286,708)
(Increase) decrease in		
Accounts receivable	130,309	(90,431)
Prepaid expenses and other assets	157,246	246,323
Right of use asset	181,941	177,197
Increase (decrease) in		
Accounts payable	(58,406)	(37,213)
Research contracts and grants payable	166,606	183,414
Accrued compensation and benefits	7,188	29,068
Lease liability	(178,288)	(167,731)
Net cash provided by (used in) operating activities	<u>1,030,595</u>	<u>(3,807,199)</u>
<b>Investing activities</b>		
Purchases of investments	(2,063,401)	(136,916)
Sales of investments	1,233,485	4,268,965
Purchases of fixed assets	(5,261)	-
Net cash provided by (used in) investing activities	<u>(835,177)</u>	<u>4,132,049</u>
<b>Financing activities</b>		
Proceeds from issuance of PPP loan	<u>400,000</u>	<u>-</u>
Net change in cash	595,418	324,850
<b>Cash</b>		
Beginning of year	<u>1,564,083</u>	<u>1,239,233</u>
End of year	<u>\$ 2,159,501</u>	<u>\$ 1,564,083</u>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for income taxes	<u>\$ 1,549</u>	<u>\$ 10,825</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

**National Foundation for Cancer Research, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**  
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**1. ORGANIZATION**

The National Foundation for Cancer Research, Inc. (the "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 NFCR is dedicated to supporting "high risk/high reward" cancer research and public education relating to prevention, early diagnosis, better treatments and, ultimately, a cure for cancer.

The NFCR established five tax exempt entities: The Cancer Research Laboratories Foundation, Inc. (established in 1996), the Cancer Research Coalition (established in 1997), the Darwin Foundation (formerly, the Consortium for Clinical Diagnostics ("CCDx"), NFCR Western Chapter, and NFCR Mid-Atlantic Chapter. The Cancer Research Laboratories Foundation, Inc. and the Cancer Research Coalition were inactive and had no net assets for the years ended December 31, 2020 and 2019. CCDx was incorporated in March 2003, as tax-exempt, supporting organization to the NFCR. The Western and Mid-Atlantic chapters were created in 2011 to assist with fundraising.

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. On July 25, 2016, the name of CCDx was legally changed to Darwin Foundation.

**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 NFCR Western Chapter, NFCR Mid-Atlantic Chapter, and the Darwin Foundation. 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 the 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.

**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. Receivables consist mainly of amounts due from the rental of the Foundation's mailing list. 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. Management believes the amounts in accounts receivable at December 31, 2020 and 2019 are fully collectible.



**National Foundation for Cancer Research, Inc. and Affiliates**  
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**Net Assets**

Net assets arising from contributions are reported with or without donor restrictions based on stipulations of the donor. Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. Net assets with donor restrictions are 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. Contributions of long-lived assets and contributions of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

**Support With and Without Donor Restrictions**

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as revenues without donor restrictions. Gains and losses on investments and other 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 or satisfactions of purpose or time restrictions on net assets are reported as net assets released from restrictions.

**Bequests**

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

**Prepaid Expenses**

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

**Fixed Assets**

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

<u>Description</u>	<u>Estimated Life (Years)</u>
Office furniture and equipment	5-10
Computers, software and equipment	3-10

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

**Investments and Investment Income**

Investments in equity securities are stated at fair value. Investments in debt securities are stated at amortized cost. The gains and losses (unrealized and realized) in the fair value of investments are comprised of the net changes in the fair values of investments bought, sold and held during the year and are recognized in the year in which they occur.

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.

**National Foundation for Cancer Research, Inc. and Affiliates**  
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Cost method investments are recorded at cost. Dividends received that are distributed from net accumulated earnings, since the date of acquisition by the investor, are recognized as income. The net accumulated earnings subsequent to the date of investment are recognized only to the extent distributed by the investee as dividends. Dividends received in excess of earnings subsequent to the date of investment are considered a return of investment and are recorded as reductions of cost of the investment.

**Amounts Held in Trust by Others**

Amounts held in trust by others include perpetual trusts and interests in charitable remainder 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. The NFCR's interests in charitable remainder 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as revenues without donor restrictions.

**Research Contracts and Grants**

The NFCR awards both research contracts and grants.

*Research Contracts*

The 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 the NFCR. Research contracts payable represents research expenses incurred during the years ended December 31, 2020 and 2019 under these contracts, but not yet paid to the institutions by December 31, 2020 and 2019. The NFCR recognizes grants made, including unconditional promises, as expenses in the period made. Conditional promises, that is, those with a measurable performance or other barrier, and a right of return, are not recognized in expense until the conditions on which they depend have been substantially met.

*Grants*

The NFCR awards certain research grants to selected scientists to fund their research programs in accordance with policies established by the board of directors of the NFCR. The 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, 2020 and 2019.

**Functional Allocation of Expenses**

The costs of providing the Foundation's programs and services are summarized on a functional basis on the consolidated statements of activities. All such costs are allocated based on estimates of time and specific utilization. Accordingly, certain costs have been allocated between the programs and services benefited on the basis of time records and other support, or by estimates made by management. The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Foundation as reflected on the consolidated statements of functional expenses.

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**Recent Accounting Pronouncements**

*Gifts In-Kind*

In September 2020, the Financial Accounting Standards Board (“FASB”) issued ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. The Foundation has presented contributed nonfinancial assets as a separate line item in the statement of activities for several years in the past, therefore, management does not expect this ASU to have a significant impact on the Foundation’s consolidated financial statements.

**3. TAX STATUS**

The NFCR has been recognized by the Internal Revenue Service (“IRS”) as exempt from income tax under Internal Revenue Code Section 501(c)(3) and related state statutes, except for income tax on unrelated business income, if any. It qualifies as a public charity under Section 509(a)(1). The Darwin Foundation has been recognized by the IRS as exempt from income tax under Section 501(c)(3) and related state statutes, except for income tax on unrelated business income, if any. It is a supporting organization to the NFCR 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 the NFCR to its roster of subordinate organizations covered under the group exemption ruling, dated April 26, 2010, issued by the Internal Revenue Service to the NFCR. Both chapters are exempt from federal and state income tax, except for income tax on unrelated business income, as organizations described under section 501(c)(3) of the Internal Revenue Code and related state statutes.

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, 2020 there are no uncertain positions taken or expected to be taken that would require recognition in the consolidated financial statements. The NFCR and affiliates are subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. In addition, there have been no tax related interest or penalties for the periods presented in these consolidated financial statements. Should such penalties and interest be incurred, the Foundation’s policy is to recognize them as general and administrative expenses on the consolidated statements of activities.

**4. NET ASSETS WITH DONOR RESTRICTIONS**

As of December 31, 2020 and 2019, all net assets with donor restrictions are restricted to specific types of cancer research or they are subject to donor time restrictions, as follows:

	<u>2020</u>	<u>2019</u>
Net assets subject to time restrictions		
imposed by charitable trusts	\$ 839,911	\$ 762,449
Net assets subject to restrictions on use	713,381	518,527
Net assets perpetual in nature	<u>2,360,114</u>	<u>2,191,025</u>
	<u>\$ 3,913,406</u>	<u>\$ 3,472,001</u>

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Net assets released from restriction for the years ended December 31, 2020 and 2019, represent expenditures for specific types of cancer research that have accomplished the imposed restrictions.

Perpetual in nature, net assets consist of perpetual trusts for which the NFCR is named as a beneficiary and values are based upon the fair market value of the securities on the 2020 and 2019 year end statements.

**5. INVESTMENTS**

At December 31, 2020 and 2019, the carrying value of NFCR's consolidated investments consisted of the following:

	<u>2020</u>	<u>2019</u>
Money market funds	\$ 175,985	\$ 99,566
Corporate bonds	684,047	678,760
U.S. government bonds	571,660	528,291
Common and preferred stocks	2,164,684	2,171,311
Mutual funds	838,874	871,590
Exchange traded funds	606,725	-
Private company preferred stocks	749,999	-
	<u>\$ 5,791,974</u>	<u>\$ 4,349,518</u>

The NFCR's consolidated net investment return for the years ended December 31, 2020 and 2019, consisted of the following:

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 206,471	\$ 261,634
Realized gains	64,689	507,979
Unrealized gains	574,232	550,275
Investment management fees	(38,584)	(49,100)
	<u>\$ 806,808</u>	<u>\$ 1,270,788</u>

Investment management fees for the years ended December 31, 2020 and 2019 are all external investment fees.

**6. FAIR VALUE MEASUREMENTS**

Generally accepted accounting principles in the United States of America 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.

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*Level 3* - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The valuation methodology was not changed during the years ended December 31, 2020 and 2019.

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 years ended December 31, 2020 and 2019, there were no transfers in or out of Levels 1, 2 or 3.

The following is a description of the valuation methodologies used for assets measured at fair value:

*U.S. government bonds, exchange traded funds, mutual funds and common and preferred stocks* are valued based on quoted market prices.

*Corporate bonds* are valued using the closing price reported of like assets, corroborated market data, indices and/or yield curves.

*Money market funds* are valued at cost, which approximates fair value.

*Amounts held in trust* are valued at the fair value of the underlying investments held by the trust.

As of December 31, 2020 and 2019, assets measured at fair value on a recurring basis are summarized by level within the fair value hierarchy as follows:

	<b>2020</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Fair Value</b>
Money market funds	\$ -	\$ 175,985	\$ -	\$ 175,985
Corporate bonds	-	684,047	-	684,047
U.S. government bonds	571,660		-	571,660
Common and preferred stocks	2,164,684	-	-	2,164,684
Mutual funds	838,874	-	-	838,874
Exchange traded funds	606,725	-	-	606,725
Amounts held in trust by others	-	2,819,864	-	2,819,864
	<u>\$ 4,181,943</u>	<u>\$ 3,679,896</u>	<u>\$ -</u>	<u>\$ 7,861,839</u>

**National Foundation for Cancer Research, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**  
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	<b>2019</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair Value</b>
Money market funds	\$ -	\$ 99,566	\$ -	\$ 99,566
Corporate bonds	-	678,760	-	678,760
U.S. government bonds	528,291	-	-	528,291
Common and preferred stocks	2,171,311	-	-	2,171,311
Mutual funds	871,590	-	-	871,590
Amounts held in trust by others	-	2,626,641	-	2,626,641
	<u>\$ 3,571,192</u>	<u>\$ 3,404,967</u>	<u>\$ -</u>	<u>\$ 6,976,159</u>

**7. FIXED ASSETS**

As of December 31, 2020 and 2019, the Foundation's fixed assets consist of the following:

	<b>2020</b>	<b>2019</b>
Office furniture and equipment	\$ 146,385	\$ 146,385
Computer equipment and software	219,808	214,547
Leasehold improvements	26,890	26,890
	393,083	387,822
Accumulated depreciation and amortization	(325,851)	(288,102)
	<u>\$ 67,232</u>	<u>\$ 99,720</u>

Depreciation and amortization expense for the years ended December 31, 2020 and 2019 was \$37,749 and \$38,095, respectively.

**8. AMOUNTS HELD IN TRUST BY OTHERS**

The Foundation is the beneficiary of several split-interest agreements, including irrevocable perpetual trusts and charitable remainder trusts, as described in Internal Revenue Code Section 664. The NFCR 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 trusts 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 trusts whereby the Foundation receives income distributions from the trust and will receive a percentage of trust assets at the termination of the trust.

The fair value of perpetual trusts at December 31, 2020 and 2019, is \$2,340,118 and \$2,171,033, respectively. The increase in the beneficial interest in perpetual trusts for the years ended December 31, 2020 and 2019 is \$169,085 and \$249,523, respectively, and is included in the change in value of split-interest agreements on the consolidated statements of activities.

The Foundation's interests in charitable remainder trusts at December 31, 2020 and 2019 is \$479,746 and \$455,608, respectively. The increase in the beneficial interest in charitable remainder trusts for the years ended December 31, 2020 and 2019 is \$24,138 and \$37,188, respectively, and is included in the change in value of split-interest agreements on the consolidated statements of activities.

**National Foundation for Cancer Research, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**  
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**9. PPP LOAN PAYABLE**

On April 22, 2020, the Foundation issued an unsecured promissory note (the "PPP Loan") for \$400,000 through the Paycheck Protection Program ("PPP") established under the CARES Act and administered by the U.S. Small Business Administration ("SBA"). The PPP Loan is guaranteed by the SBA. The PPP Loan may be forgiven, in whole or in part, if the Foundation was eligible for the PPP Loan at the time of application, used the loan proceeds for eligible expenses within the defined 24-week period after the PPP Loan was disbursed ("Covered Period"), and otherwise satisfied PPP requirements. The PPP Loan was made through Sandy Spring Bank (the "Lender"), has a two-year term, bears interest at 1.00% per annum, and matures on July 7, 2023. If the PPP Loan is not forgiven, monthly principal and interest payments are deferred until ten months after the end of the Covered Period, or August 7, 2021. The PPP Loan may be prepaid at any time prior to maturity with no prepayment penalties. Accordingly, the Foundation has reflected the PPP Loan as debt in the accompanying consolidated statement of financial position.

On March 25, 2021, the NFCR was informed that its application for forgiveness of \$403,507 of the PPP loan, including accrued interest, was approved. Accordingly, the NFCR will record it as forgiveness of debt in 2021.

**10. DESIGNATED FOR RESEARCH CONTRACTS**

At December 31, 2020 and 2019, the board of directors has designated net assets without donor restrictions, in order to fulfill contract commitments to universities and institutions, for research amounting to \$2,860,000 and \$3,432,500, respectively.

**11. LEASE COMMITMENTS**

The NFCR is the lessee in a lease contract where they obtain the right to control the asset. Operating lease right-of-use ("ROU") assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease, both of which are recognized based on the present value of future minimum lease payments over the lease term at the commencement date. Leases with a lease term of 12 months or less at inception are not recorded on the consolidated statements of financial position and are expensed on a straight-line basis over the lease term on the consolidated statements of activities. The renewal options have not been included in the lease liability calculation, since it is not reasonably certain that they will be exercised, based on general uncertainties that come with the passage of time.

Beginning March 1, 2018, the NFCR leased office space under a noncancelable operating lease that expires January 31, 2027. Under this lease, base monthly rent is \$17,232 and increases each year by 2.75%.

The remaining lease term is 7 years and the discount rate used is 2.75% to determine the remaining operating lease liability.

**National Foundation for Cancer Research, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**  
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As of December 31, 2020, the maturity of the operating lease liabilities for the lease for the years ending December 31, are as follows:

2021	\$ 223,815
2022	229,957
2023	236,293
2024	242,767
2025	249,433
Thereafter	<u>277,704</u>
Total operating lease payments	1,459,969
Less: Imputed interest	<u>(120,014)</u>
Total operating lease liabilities	<u>\$ 1,339,955</u>

Occupancy expense for the years ended December 31, 2020 and 2019, was \$224,537 and \$228,558, respectively.

**12. RETIREMENT PLAN**

The NFCR offers a 401(k) Savings Plan for the benefit of its employees. Employees are eligible to participate in the plan after 3 months of employment. Under the plan, the NFCR makes a 3% annual safe harbor contribution and an annual discretionary contribution for eligible employees. The discretionary contribution percentage for officers is determined by the board of directors, for senior managers is 12% and for all other employees is 9% of their respective base salaries. Effective December 14, 2017, the discretionary contributions for all new hires was reduced to 5% of their respective base salaries.

The safe harbor and discretionary contribution that the NFCR makes to the plan is unrelated to whether an employee makes an elective deferral in a particular year. For the years ended December 31, 2020 and 2019, retirement expense was \$256,279 and \$264,123, respectively.

**13. ALLOCATION OF JOINT COSTS**

For more than 40 years, the Foundation has been communicating with supporters, donors and prospective donors by postal mail, email, website and other means, to educate the public about cancer and uphold its mission, and at the same time to provide fundraising opportunities. The costs related to these joint activities are allocated in part to program expenses and in part to fundraising expenses, in accordance with AICPA's Statement of Position ("SOP") 98-2, *Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Governmental Entities That Include Fund Raising*, which is now part of FASB ASC Subtopic 958-720, *Not-for-Profit Entities—Other Expenses*.

To properly allocate joint costs, the Foundation used a rational and systematic method, that was applied consistently. All joint costs are proportionally allocated to the program and fundraising based on the content of informational materials and fundraising appeal, such as lines or square inches of the two components.



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For the years ended December 31, 2020 and 2019, the Foundation incurred joint costs of \$2,873,445 and \$3,804,474, respectively, which were allocated as follows:

	<u>2020</u>	<u>2019</u>
Public education and information	\$ 1,709,239	\$ 2,225,557
Fundraising	<u>1,164,206</u>	<u>1,578,917</u>
	<u>\$ 2,873,445</u>	<u>\$ 3,804,474</u>

**14. CONCENTRATIONS**

Due to various risks (e.g., interest rate, market, credit) associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

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.

**15. NON-CASH RESEARCH 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 the NFCR. These donated amounts are recognized as non-cash research support revenue and research program expenses on the consolidated statements of activities.

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

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

For the years ended December 31, 2020 and 2019, noncash support consisted of the following:

	<u>2020</u>	<u>2019</u>
Contract rights for use of supercomputer time	\$ 2,500	\$ 20,000
Chemicals, materials, and equipment	<u>100,687</u>	<u>87,405</u>
	<u>\$ 103,187</u>	<u>\$ 107,405</u>

**National Foundation for Cancer Research, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020 and 2019**

**16. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, total the following at December 31:

	<b>2020</b>		
	<b>Consolidated Statement of Financial Position</b>	<b>Restricted Funds</b>	<b>Financial Assets Available for General Expenditure</b>
Cash	\$ 2,159,501	\$ 839,911	\$ 1,319,590
Investments	5,041,975	-	5,041,975
Amounts held in trusts by others	<u>2,819,864</u>	<u>2,819,864</u>	-
	10,021,340	3,659,775	6,361,565
Other assets		<u>253,631</u>	
Net assets with donor restrictions		<u>\$ 3,913,406</u>	

  

	<b>2019</b>		
	<b>Consolidated Statement of Financial Position</b>	<b>Restricted Funds</b>	<b>Financial Assets Available for General Expenditure</b>
Cash	\$ 1,564,083	\$ 591,733	\$ 972,350
Investments	4,349,518	-	4,349,518
Amounts held in trusts by others	<u>2,626,641</u>	<u>2,626,641</u>	-
	8,540,242	3,218,374	5,321,868
Other assets		<u>253,627</u>	
Net assets with donor restrictions		<u>\$ 3,472,001</u>	

At December 31, 2020 and 2019, the NFCR had \$7,111,564 and \$5,321,868, respectively of financial assets available to meet cash needs for general expenditures. Assets available consists of cash of \$1,319,590 and \$972,350, and investments of \$5,791,974 and \$4,349,518, at December 31, 2020 and 2019, respectively. The difference between cash, investments, and amounts held in trust by others per above and the balances per the consolidated statement of financial position is due to amounts that are contractually restricted and/or donor restricted, which are not available for general expenditure. The NFCR has a goal to maintain financial assets to meet 120 days of normal operating expenses which are, on average, \$800,000 per month. The board has designated \$2,860,000 for the purpose of the translational research grant.

**National Foundation for Cancer Research, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020 and 2019**

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**17. RISKS AND UNCERTAINTIES**

The current outbreak of the novel strain of coronavirus (COVID-19) is significantly impacting businesses across the world. While the duration of business interruption from this outbreak and related financial impact cannot be reasonably estimated at this time, financial results, including investment results, may be adversely affected in 2021. The extent to which the coronavirus impacts operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

**18. SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events occurring after the consolidated statement of financial position date through the date of June 7, 2021, the date the financial statements were available for release. Based upon this evaluation, the Foundation has determined that no subsequent events have occurred which require disclosure in or adjustment to the consolidated financial statements.

**SUPPLEMENTAL INFORMATION**

## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Directors,  
National Foundation for Cancer Research, Inc. and Affiliates:

We have audited the consolidated financial statements of National Foundation for Cancer Research, Inc. and Affiliates as of and for the year ended December 31, 2020, and have issued our report thereon dated June 7, 2021, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed 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 consolidated 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.

*WithumSmith+Brown, PC*

June 7, 2021

**National Foundation for Cancer Research, Inc. and Affiliates**  
**Consolidating Statement of Financial Position**  
**December 31, 2020**

	NFCR	Darwin Foundation	NFCR Western Chapter	NFCR Mid- Atlantic Chapter	Eliminations	Total
<b>Assets</b>						
Cash	\$ 2,126,572	\$ 32,929	\$ -	\$ -	\$ -	\$ 2,159,501
Accounts receivable	70,919	131,762	21,014	23,463	(176,239)	70,919
Prepaid expenses and other assets	180,076	-	-	-	-	180,076
Fixed assets, net of accumulated depreciation and amortization	67,232	-	-	-	-	67,232
Investments, at fair value	5,041,975	-	-	-	-	5,041,975
Amounts held in trust by others, at fair value	2,819,864	-	-	-	-	2,819,864
Investments, at cost	749,999	-	-	-	-	749,999
Right of use asset	1,227,219	-	-	-	-	1,227,219
<b>Total assets</b>	<b>\$ 12,283,856</b>	<b>\$ 164,691</b>	<b>\$ 21,014</b>	<b>\$ 23,463</b>	<b>\$ (176,239)</b>	<b>\$ 12,316,785</b>
<b>Liabilities and Net Assets</b>						
<b>Liabilities</b>						
Accounts payable	\$ 677,928	\$ -	\$ -	\$ -	\$ (176,239)	\$ 501,689
Research contracts and grants payable	743,885	-	-	-	-	743,885
Accrued compensation and benefits	200,606	-	-	-	-	200,606
PPP loan payable	400,000	-	-	-	-	400,000
Lease liability	1,339,955	-	-	-	-	1,339,955
<b>Total liabilities</b>	<b>3,362,374</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(176,239)</b>	<b>3,186,135</b>
<b>Net assets</b>						
Without donor restrictions	5,008,076	164,691	21,014	23,463	-	5,217,244
With donor restrictions	3,913,406	-	-	-	-	3,913,406
<b>Total net assets</b>	<b>8,921,482</b>	<b>164,691</b>	<b>21,014</b>	<b>23,463</b>	<b>-</b>	<b>9,130,650</b>
<b>Total liabilities and net assets</b>	<b>\$ 12,283,856</b>	<b>\$ 164,691</b>	<b>\$ 21,014</b>	<b>\$ 23,463</b>	<b>\$ (176,239)</b>	<b>\$ 12,316,785</b>

See Independent Auditor's Report on Supplemental Information.

**National Foundation for Cancer Research, Inc. and Affiliates**  
**Consolidating Statement of Activities**  
**Year Ended December 31, 2020**

	NFCR	Darwin Foundation	NFCR Western Chapter	NFCR Mid- Atlantic Chapter	Elimination	Total
<b>Revenue and support</b>						
Public support	\$ 8,290,261	\$ -	\$ -	\$ -	\$ -	\$ 8,290,261
Bequests	2,181,714	-	-	-	-	2,181,714
Mailing list rental	195,223	-	-	-	-	195,223
Net investment return	806,808	-	-	-	-	806,808
Changes in value of split-interest agreements	(10,731)	-	-	-	-	(10,731)
Other revenue	25,975	-	-	-	-	25,975
Non-cash research support	103,187	-	-	-	-	103,187
Net assets released from restrictions	152,088	-	-	-	-	152,088
Total revenue and support	<u>11,744,525</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,744,525</u>
<b>Expenses</b>						
Program services						
Research	5,773,878	-	-	-	-	5,773,878
Public education and information	2,503,031	-	-	-	-	2,503,031
	<u>8,276,909</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,276,909</u>
Supporting services						
Fundraising	1,734,972	-	-	-	-	1,734,972
Management and general	782,036	-	-	-	-	782,036
	<u>2,517,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,517,008</u>
Total expenses	<u>10,793,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,793,917</u>
<b>Change in net assets without donor restrictions</b>	950,608	-	-	-	-	950,608
<b>Change in net assets with donor restrictions</b>						
Revenue and support						
Public support	400,270	-	-	-	-	400,270
Change in value of split-interest agreements	193,223	-	-	-	-	193,223
Net assets released from restrictions	(152,088)	-	-	-	-	(152,088)
Change in net assets with donor restrictions	<u>441,405</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>441,405</u>
<b>Change in net assets</b>	1,392,013	-	-	-	-	1,392,013
<b>Net assets</b>						
Beginning of year	7,529,469	164,691	21,014	23,463	-	7,738,637
End of year	<u>\$ 8,921,482</u>	<u>\$ 164,691</u>	<u>\$ 21,014</u>	<u>\$ 23,463</u>	<u>\$ -</u>	<u>\$ 9,130,650</u>

See Independent Auditor's Report on Supplemental Information.