FRIENDS OF CANCER RESEARCH

AUDITED FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

FRIENDS OF CANCER RESEARCH
AUDITED FINANCIAL STATEMENTS
December 31, 2018

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LYDON FETTEROLF CORYDON, P.A.
Certified Public Accountants • Management Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Friends of Cancer Research
Washington, DC

Report on the Financial Statements

We have audited the accompanying financial statements of **Friends of Cancer Research** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Friends of Cancer Research** as of December 31, 2018 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.

Lydon Fetterolf Corydon, P.A.

Rockville, Maryland
November 4, 2019

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FRIENDS OF CANCER RESEARCH

STATEMENT OF FINANCIAL POSITION

December 31, 2018

ASSETS

CURRENT ASSETS		2018
Cash and cash equivalents - NOTES A, B and F	$	852,112
Accounts and other receivables- NOTE A		27,906
Accrued interest receivable		470
Prepaid expenses		109,985
TOTAL CURRENT ASSETS		990,473
PROPERTY AND EQUIPMENT - NOTES A and D		
Furniture and fixtures		325,632
Computers and equipment		54,572
Website		161,059
Leasehold Improvements		120,446
		661,709
Less: accumulated depreciation		(518,985)
TOTAL PROPERTY AND EQUIPMENT		142,724
INVESTMENTS AND OTHER ASSETS		
Investments - long-term - NOTES A, C, F and G		4,463,173
Restricted cash and cash equivalents- NOTES A, B, E and F		715,000
Deposits - NOTE F		56,431
TOTAL INVESTMENTS AND OTHER ASSETS		5,234,604
TOTAL ASSETS	$	6,367,801

See Notes to Financial Statements

FRIENDS OF CANCER RESEARCH

STATEMENT OF FINANCIAL POSITION

December 31, 2018

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		2018
Accounts payable and accrued expenses	$	187,267
Deferred rent incentive - current portion - NOTE F		29,854
TOTAL CURRENT LIABILITIES		217,121
LONG-TERM LIABILITIES		
Deferred rent incentive - long term - NOTE F		316,179
TOTAL LONG-TERM LIABILITIES		316,179
TOTAL LIABILITIES		533,300
COMMITMENTS AND CONTINGENCIES - NOTES F, G, H, I and K		
NET ASSETS - NOTES A, E and J		
Net assets without donor restrictions		
Designated by the board - NOTE A		0
Undesignated - NOTES E and J		5,119,501
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS		5,119,501
Net assets with donor restrictions - NOTES B and E		715,000
TOTAL NET ASSETS WITH DONOR RESTRICTIONS		715,000
TOTAL NET ASSETS		5,834,501
TOTAL LIABILITIES AND NET ASSETS	$	6,367,801

See Notes to Financial Statements

FRIENDS OF CANCER RESEARCH

STATEMENT OF ACTIVITIES

Year Ended December 31, 2018

	December 31, 2018			
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total	%
REVENUES - NOTE A				
Corporate contributions - NOTE E	$ 2,043,628	$ 705,000	$ 2,748,628	64.0
Event donations - NOTE E	1,220,250	10,000	1,230,250	28.6
Institutional contributions	266,812	0	266,812	6.2
Individual contributions	50,706	0	50,706	1.2
Contributed services - NOTE A and H	0	0	0	0.0
Miscellaneous income	24	0	24	0.0
Net assets released from restrictions	200,000	(200,000)	0	0.0
TOTAL REVENUES	3,781,420	515,000	4,296,420	100.0
EXPENSES - NOTE A				
PROGRAM EXPENSES				
Science policy	1,705,693	0	1,705,693	39.7
Communication	370,802	0	370,802	8.6
Meetings and professional development	380,437	0	380,437	8.9
Patient advocacy training	81,578	0	81,578	1.9
TOTAL PROGRAM EXPENSES	2,538,510	0	2,538,510	59.1
SUPPORTING SERVICES				
Operations and administration	425,607	0	425,607	9.9
Development and fundraising	530,651	0	530,651	12.4
TOTAL SUPPORTING SERVICES	956,258	0	956,258	22.3
TOTAL EXPENSES	3,494,768	0	3,494,768	81.4
INCREASE (DECREASE) IN NET ASSETS BEFORE INVESTMENT INCOME	286,652	515,000	801,652	18.6
Net Investment Return (loss)- Note C	(233,373)	0	(233,373)	(5.4)
INCREASE (DECREASE) IN NET ASSETS	53,279	515,000	568,279	13.2
NET ASSETS AT BEGINNING OF YEAR - NOTE J	5,066,222	200,000	5,266,222	
NET ASSETS AT END OF YEAR - NOTE E	$ 5,119,501	$ 715,000	$ 5,834,501	

See Notes to Financial Statements

Friends of Cancer Research

Statement of Functional Expenses

Year Ended December 31, 2018

	Science Policy	Communication	Meetings and Professional Development	Patient Advocacy Training	Total- Programs	Total - Operations and Administration	Total - Fundraising	Total - Supporting Services	Total - Expenses	%
Expenses										
Salary Expense	$ 859,287	$ 210,507	$ 164,810	$ 53,756	$ 1,288,360	$ 195,761	$ 215,499	$ 411,260	$ 1,699,620	48.6%
Payroll Taxes	43,482	10,836	8,490	3,013	65,821	12,959	11,038	23,997	89,818	2.6%
Employee benefits	70,969	17,853	13,389	4,471	106,682	28,164	19,354	47,518	154,200	4.4%
Total Compensation Expense	973,738	239,196	186,689	61,240	1,460,863	236,884	245,891	482,775	1,943,638	55.6%
Bank Service Charges	0	0	0	0	0	5,387	0	5,387	5,387	0.2%
Consulting Services	76,825	1,425	0	0	78,250	250	0	250	78,500	2.2%
Contributions	5,000	0	71,250	0	76,250	0	0	0	76,250	2.2%
Depreciation Expenses- Note D	45,116	11,083	8,650	2,837	67,686	10,975	11,393	22,368	90,054	2.6%
Dues and Subscriptions	424	29,595	27,367	2,826	60,212	6,754	5,306	12,060	72,272	2.1%
EDP Supplies & Expenses	22,485	5,523	4,311	1,414	33,733	5,470	5,678	11,148	44,881	1.3%
Program Event Staging	312,540	0	9,921	0	322,461	0	27,080	27,080	349,541	10.0%
Gala Event Expenses	0	0	0	0	0	0	178,057	178,057	178,057	5.1%
Legal and Accounting	0	0	0	0	0	93,008	324	93,332	93,332	2.7%
Miscellaneous	619	0	2,034	0	2,653	5,905	0	5,905	8,558	0.2%
Office Supplies	9,312	2,288	1,785	586	13,971	2,265	2,352	4,617	18,588	0.5%
Parking	9,397	2,308	1,802	591	14,098	2,286	2,373	4,659	18,757	0.5%
Postage and Delivery	1,214	2,646	0	0	3,860	4,135	869	5,004	8,864	0.3%
Printing and Reproduction	29,063	30,147	1,379	0	60,589	2,700	2,300	5,000	65,589	1.9%
Public Relations	682	226	5,424	216	6,548	3,404	0	3,404	9,952	0.3%
Rent- Note F	173,995	42,741	33,359	10,943	261,038	42,328	43,938	86,266	347,304	9.9%
Telephone	14,708	3,613	2,820	925	22,066	3,579	3,714	7,293	29,359	0.8%
Travel	30,575	11	23,646	0	54,232	277	1,376	1,653	55,885	1.6%
Total Expenses	$ 1,705,693	$ 370,802	$ 380,437	$ 81,578	$ 2,538,510	$ 425,607	$ 530,651	$ 956,258	$ 3,494,768	100%
	48.8%	10.6%	10.9%	2.3%	72.6%	12.2%	15.2%	27.4%	100.0%	

FRIENDS OF CANCER RESEARCH
STATEMENT OF CASH FLOWS
Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES		2018
Increase in net assets	$	568,279
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:		
Net cash transferred to restricted cash - NOTE B		(515,000)
Depreciation expense - NOTE D		90,054
Net realized and unrealized loss on investments - NOTE C		328,928
(Increase) decrease in operating assets		
Accounts and other receivables		47,094
Accrued interest receivable		(272)
Prepaid expenses		(20,219)
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses		65,654
Deferred rent incentive		(21,057)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		543,461
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of property and equipment		(15,574)
Proceeds from sales of investments		2,488,493
(Purchases) of investments		(3,402,048)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		(929,129)
CASH FLOW FROM FINANCING ACTIVITIES - NONE		0
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		0
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(385,668)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		1,237,780
CASH AND CASH EQUIVALENTS - END OF YEAR - NOTES A and B	$	852,112

See Notes to Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Friends of Cancer Research (the "Organization") is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles in the United States of America, and have been consistently applied in the preparation of the financial statements.

Purpose of the Organization:

Friends of Cancer Research (the "Organization") was incorporated in the District of Columbia in 1996 as a not-for-profit organization. The mission of the Organization is to drive collaboration among partners from every healthcare sector to power advances in science, policy, and regulation that speed life-saving treatments to patients. The mission is achieved through the sponsorship of publicity events and the development and dissemination of promotional literature.

The Organization's significant accounting policies are as follows:

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. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

Basis of Presentation:

The financial statements of the Organization have been prepared on the accrual basis of accounting. The Association reports information regarding its financial position and activities according to two classes of net assets: net assets without restriction and net assets with restriction.

Net Assets Without Restriction - Net assets that are not subject to or are no longer subject to third-party imposed stipulations.

Net Assets With Restriction - Net assets whose use is limited by third-party imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without restriction unless use of the related assets is limited by third-party imposed restrictions. Expenses are reported as decreases in net assets without restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without restrictions unless their use is restricted by explicit third-party stipulation or by law. Expirations of third-party restrictions on the net assets (i.e., the third-party stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify restricted revenues as without restrictions to the extent that restrictions were met in the year the revenue was received.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments:

The Organization has adopted Accounting Standards Codification (ASC) 958 Not-for-Profit Entities (formerly Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*). Under FASB ASC 958-320, investments in marketable equity securities with readily determinable fair values and all investments in marketable debt securities are valued at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the change in net assets.

Income Tax Status:

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Income from nonexempt functions is subject to unrelated business income taxes to the extent that the revenue exceeds related costs. The Organization incurred $4,827 of unrelated business income taxes for the year ended December 31, 2018. In addition, the Organization qualifies for the charitable contribution deduction under Section 170 and has been classified as an organization other than a private foundation under Section 509(c)(2).

The Organization follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Currently, the tax years open and subject to examination by the Internal Revenue Service are 2015, 2016 and 2017 tax years.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash reserved for a particular purpose or time restriction is classified as restricted cash on the statement of financial position (See NOTE B).

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Equipment and Depreciation:

The Organization capitalizes all expenditures for property and equipment in excess of $1,000. Purchased property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the assets.

Use of Estimates:

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

Functional Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Employees' salaries and fringe benefits are allocated to programs and supporting services based on time incurred. Management and general expenses include those expenses that are not directly identifiable with any other specific function but that provide for the overall support of the Organization.

Accounts Receivable:

Contributions and other receivables are stated at the amount management expects to collect from balances outstanding at year-end. Management closely monitors outstanding balances throughout the year, and writes off any balances it deems will not be collected. If amounts become uncollectible, they will be charged against net assets when that determination is made. Management believes all contributions receivable as of December 31, 2018 will be collected therefore has not established an allowance for doubtful accounts.

Donated Services:

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year ended December 31, 2018, the value of contributed services meeting the requirements for recognition in the financial statements was zero-see NOTE H – Related Party Transactions.

Revenue Recognition and Deferred Revenue:

Revenues are recognized during the period to which they relate. Therefore, revenues collected in advance are reflected as deferred revenue on the statements of financial position.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncement:

During the year ended December 31, 2018, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14—*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with restrictions. A footnote on liquidity and availability has also been added (**NOTE J**).

NOTE B - CASH AND CASH EQUIVALENTS

Cash and cash equivalents (unrestricted and restricted) at December 31, 2018, consist of the following:

Unrestricted	
Demand deposits	$ 787,810
Money market funds	64,302
Total unrestricted cash and cash equivalents	$ 852,112
Restricted	
Restricted - demand deposits	$ 715,000
Total restricted cash and cash equivalents	$ 715,000

NOTE C – INVESTMENTS

The Organization invests in certificates of deposit, and mutual funds (equity and debt). Such investments are exposed to various risks, such as market and credit. Due to the level of risk associated with such investments and level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

Investments at December 31, 2018 consisted of the following:

	Cost	Fair Value
Mutual funds – equities	$ 2,491,855	$ 2,620,282
Mutual funds – bond funds	1,854,757	1,842,891
Total investments	$ 4,346,612	$ 4,463,173

Investment income and change in market value for the year ended December 31, 2018 is comprised of the following:

	2018
Interest and dividend income	$ 116,965
Net realized and unrealized loss on investments	(328,928)
Investment return before fees	(211,963)
Less: Investment fees	(21,410)
Total investment return	$ (233,373)

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2018, consist of the following:

	Cost	Depreciation Expense	Accumulated Depreciation	Net Book Value	Estimated Useful Life (Years)
Furniture and fixtures	$ 325,632	$ 28,488	$ 249,075	$ 76,557	5
Computers and equipment	54,572	2,471	42,049	12,523	5
Website	161,059	53,687	126,342	34,717	3
Leasehold improvements	120,446	5,408	101,519	18,927	3-6
	$ 661,709	$ 90,054	$ 518,985	$ 142,724	

NOTE E – NET ASSETS

As of December 31, 2018 total net assets without restrictions amounted to $5,119,501 and these were all undesignated. As of December 31, 2018 the Organization had net assets with restriction of $715,000.

Net assets at December 31, 2018 consist of the following:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total Net Assets
Balance at December 31, 2017	$5,066,222	$200,000	$5,266,222
2018 Increase (decrease) in net assets	53,279	515,000	568,279
Balance at December 31, 2018	$5,119,501	$715,000	$5,834,501

NOTE E – NET ASSETS (Continued)

Net assets with donor restrictions are available for the following purposes at December 31, 2018:

	2018
Net assets with donor restrictions	
Restricted for:	
Research programs	$ 705,000
Events	10,000
Total net assets with donor restrictions	$ 715,000

NOTE F – COMMITMENTS AND CONTINGENCIES

Concentrations of Credit Risk:

The Organization maintains its cash, cash equivalents and investments with two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). The FDIC insures up to $250,000 and the SIPC insures up to $500,000 (including up to $250,000 for cash) as of December 31, 2018. At December 31, 2018 the Organization's uninsured cash and investment balance was $5,082,206.

Annual Meeting Operations:

As part of its meeting operations, the Organization is obligated on long-term agreements for hotel rooms and meeting space. The Organization is contingently liable for a portion of these costs upon cancellation of the event and/or unsold rooms. As of the date of the audit report, the Organization has held its events scheduled prior to that date according to the reservation dates and has not incurred any related liability.

Retirement Plan:

Effective September 16, 2016, the Organization has a 401(k) retirement plan (the Plan) for the benefit of all employees over the age of 21 within the Organization. Participants may elect to defer a portion of their salary and contribute it to the retirement plan. Additionally, the Organization matches employee's dollar-for-dollar up to a total of 3% of the employee's salary and above that matches 50% up to 5% of compensation. All employee deferrals and employer (ADP safe harbor) matching contributions are 100% vested immediately with the participant. Contribution expense related to matching contribution to the Plan was $60,558 for the year ended December 31, 2018. The Organization also can make a discretionary profit-sharing contribution each year. In order to be eligible the participant must generally be employed on the last day of the year, and the participant becomes fully vested in the discretionary profit-sharing contribution after five years. The discretionary profit-sharing contribution was $0 for the year ended December 31, 2018.

NOTE F – COMMITMENTS AND CONTINGENCIES (Continued)

Operating Leases – Office Space:

In February 1, 2016, the Organization entered into an office lease agreement for a term of 106 months (8 and 5/6 of a year), which will expire on April 30, 2025. The office space is located in Washington, D.C. During 2016, the Organization provided a security deposit to the landlord in the amount of $56,431. The lease agreement calls for annual "base" rent which is scheduled to increase two and one-half percent (2 ½%) each year and also calls for annual "additional" rent that includes the Organization's pro rata share of real estate taxes and other building operating expenses. Both the base and additional rent are to be paid in monthly installments by the first of each month. The terms of the lease included provisions for a construction allowance and rent abatement for the first ten months of base and additional rent payments. The benefit of the construction allowance and the rent abatement will be amortized over the life of the lease. The unamortized portion is reflected on the balance sheet as deferred rent incentive. Base rental expense for the office space under the agreement before deferred rent incentive adjustment was $368,361 and after the deferred rent incentive adjustment of ($21,057), rental expense for the year ended December 31, 2018 amounted to $347,304. Total deferred rent incentive consists of the following components at December 31, 2018.

Current portion	$ 29,854
Long-term	316,179
	$ 346,033

The following sets forth the annual rent payments required under the operating lease.

Lease commitment:

For the Year Ending December 31, 2018	Amount
2019	$ 360,232
2020	369,228
2021	378,423
2022	387,884
2023 and thereafter	942,661
	$ 2,438,428

NOTE G – FAIR VALUE OF FINANCIAL INSTRUMENTS

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. 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.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 – These inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – These are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, default rates and other similar data.

Level 3 – These are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The unobservable inputs should be developed based on the best information available in the circumstances and may include the Organization's own data.

The Organization estimates that the fair value of all financial instruments at December 31, 2018 do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

Fair Value Measurements on a Recurring Basis
As of December 31, 2018

	Level 1	Level 2	Level 3	Total
Investments	$ 4,463,173	$ 0	$ 0	$ 4,463,173
Total	$ 4,463,173	$ 0	$ 0	$ 4,463,173

NOTE H – RELATED PARTY TRANSACTIONS

The chairperson of the Board of Directors of the Organization is a Director and Shareholder of SIGAL Construction Corporation ("SIGAL"). In prior years, SIGAL provided financial, administrative, and office services to the Organization which were not reimbursed by the Organization. The fair value of these services was $0 for 2018.

In the prior year, the Organization reimbursed SIGAL for certain office and other administrative expenses paid for by SIGAL on behalf of the Organization. During 2018, reimbursed office and other administrative expenses totaled $0.

NOTE I – RECENT ACCOUNTING PRONOUNCEMENTS

During January 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-01, Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities ("ASU 2016-01"). ASU 2016-01 makes improvements in the recognition, measurement, presentation, and disclosure of financial instruments. ASU 2016-01 is effective for annual financial statements issued for fiscal years beginning after December 15, 2018, and for interim periods within fiscal years beginning after December 15, 2019, with early application permitted, but generally no earlier than fiscal years beginning after December 15, 2017.

During May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606) ASU No. 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. Topic 606 is effective for fiscal years beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. The Organization may elect to apply the guidance earlier, but no earlier than fiscal years beginning after December 15, 2016. The amendments may be applied retrospectively with the cumulative effect recognized as of the date of initial application. The Organization is currently assessing the effect that Topic 606 will have on its results of operations, financial position, and cash flows.

During February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, "Leases (Topic 842)." ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. A lessee should be recognized in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. ASU No. 2016-02 is effective for annual periods beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. The Organization is currently assessing the effect that ASU No. 2016-02 will have on its results of operations, financial position and cash flows.

NOTE J – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has financial assets as of December 31, 2018, consisting of cash and cash equivalents of $1,567,112, total investments of $4,463,173, accounts and other receivables of $27,906, and interest receivable of $470, which total $6,058,661. Included in these financial assets is $715,000 is cash that is restricted by donors that make them unavailable for general expenditures within one year of the statements of financial date. These financial assets are not available for general use.

The following reflected the Organization's financial assets available for general use as of the Statement of Financial Position date.

Financial assets, at year end	$ 6,058,661
Less those unavailable for general expenditure within one year, due to:	
Contractual Restrictions:	
Grant/Contract Money Received and Restricted for future use	(715,000)
Financial assets available to meet cash need for general expenditures within one year	$ 5,343,661

The Organization considers all expenditures related to its ongoing programs, as well as the services undertaken to support these programs to be general expenditures. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Also, the Organization invests cash in excess of daily requirements in investments, which include mutual funds (Equity and Debt Funds).

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization's goal is to operate with at least a balanced budget and the Organization anticipates that for FYE 2019 it will collect sufficient additional revenue to cover general expenditures.

NOTE K – SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 4, 2019, the date the audit report was available to be issued.