

# **The Samuel Waxman Cancer Research Foundation, Inc.**

**Financial Statements**  
**Year Ended June 30, 2020**

# **The Samuel Waxman Cancer Research Foundation, Inc.**

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Financial Statements  
Year Ended June 30, 2020

# The Samuel Waxman Cancer Research Foundation, Inc.

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## **Independent Auditor's Report**

The Board of Directors  
The Samuel Waxman Cancer Research Foundation, Inc.  
New York, New York

We have audited the accompanying financial statements of The Samuel Waxman Cancer Research Foundation, Inc. (the Foundation), which comprise the statement of financial position as of June 30, 2020, 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.

### ***Auditor's 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 the Foundation as of June 30, 2020 and the changes in its net assets, statement of activities, statement of functional expenses and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the Foundation's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 11, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*BDO USA LLP*

December 4, 2020

# The Samuel Waxman Cancer Research Foundation, Inc.

## Statement of Financial Position (with comparative totals for 2019)

<i>June 30,</i>	2020	2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	\$ 1,886,725	\$ 1,209,583
Pledges receivable, net (Notes 2 and 5)	1,322,499	864,999
Prepaid expenses	93,057	257,700
Investments, at fair value (Notes 2 and 4)	14,017	15,768
Other receivables	106,310	103,483
<b>Total Current Assets</b>	<b>3,422,608</b>	<b>2,451,533</b>
<b>Long-Term Assets</b>		
Pledges receivable, net of current portion and discounts (Notes 2 and 5)	1,686,354	844,022
Fixed assets, net (Note 2)	7,095	9,354
Other assets	23,275	23,275
<b>Total Assets</b>	<b>\$ 5,139,332</b>	<b>\$ 3,328,184</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 99,550	\$ 122,658
Deferred revenue (Note 2)	-	104,875
<b>Total Current Liabilities</b>	<b>99,550</b>	<b>227,533</b>
<b>Loan Payable (Note 10)</b>	<b>99,895</b>	<b>-</b>
<b>Deferred Rent (Notes 2 and 6)</b>	<b>38,074</b>	<b>18,808</b>
<b>Total Liabilities</b>	<b>237,519</b>	<b>246,341</b>
<b>Commitments and Contingencies (Notes 2, 3, 6 and 10)</b>		
<b>Net Assets (Notes 2, 3 and 7)</b>		
Without donor restrictions	1,991,350	1,272,213
With donor restrictions	2,910,463	1,809,630
<b>Total Net Assets</b>	<b>4,901,813</b>	<b>3,081,843</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,139,332</b>	<b>\$ 3,328,184</b>

*See accompanying notes to financial statements.*

# The Samuel Waxman Cancer Research Foundation, Inc.

## Statement of Activities (with comparative totals for 2019)

*Year ended June 30,*

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
<b>Support and Revenue</b>				
Contributions and grants	\$ 1,122,136	\$ 1,842,500	\$ 2,964,636	\$ 2,235,917
Special events, net of direct benefits to donors of \$1,260,816 and \$1,145,793, respectively	2,149,072	-	2,149,072	1,819,395
Investment income, net of fees	91,991	-	91,991	22,270
Net assets released from restrictions (Note 7)	741,667	(741,667)	-	-
<b>Total Support and Revenue</b>	<b>4,104,866</b>	<b>1,100,833</b>	<b>5,205,699</b>	<b>4,077,582</b>
<b>Expenses</b>				
Program services	2,601,738	-	2,601,738	2,161,075
Management and general	280,425	-	280,425	276,374
Fundraising	503,566	-	503,566	498,276
<b>Total Expenses</b>	<b>3,385,729</b>	<b>-</b>	<b>3,385,729</b>	<b>2,935,725</b>
<b>Change in Net Assets</b>	<b>719,137</b>	<b>1,100,833</b>	<b>1,819,970</b>	<b>1,141,857</b>
<b>Net Assets, beginning of year</b>	<b>1,272,213</b>	<b>1,809,630</b>	<b>3,081,843</b>	<b>1,939,986</b>
<b>Net Assets, end of year</b>	<b>\$ 1,991,350</b>	<b>\$ 2,910,463</b>	<b>\$ 4,901,813</b>	<b>\$ 3,081,843</b>

*See accompanying notes to financial statements.*

# The Samuel Waxman Cancer Research Foundation, Inc.

## Statement of Functional Expenses (with comparative totals for 2019)

*Year ended June 30,*

		Supporting Services		Total	
	Program Services	Management and General	Fundraising	2020	2019
<b>Research Grants</b>					
Mount Sinai Medical Center	\$ 421,169	\$ -	\$ -	\$ 421,169	\$ 438,701
Institute Without Walls	1,347,252	-	-	1,347,252	904,116
<b>Total Research Grants</b>	<b>1,768,421</b>	<b>-</b>	<b>-</b>	<b>1,768,421</b>	<b>1,342,817</b>
<b>Other Expenses</b>					
Salaries and related benefits	319,743	163,771	296,348	779,862	737,560
Scientific directors	290,000	-	-	290,000	280,641
Consultants	43,271	22,163	40,106	105,540	89,450
Professional fees	44,642	22,866	41,376	108,884	96,390
Printing and publications	11,998	6,145	11,121	29,264	71,618
Travel	3,818	1,956	3,538	9,312	14,173
Insurance	8,810	4,512	8,166	21,488	11,334
Office, printing and stationary	20,390	10,444	18,898	49,732	35,043
Taxes and licenses	-	2,140	-	2,140	1,010
Occupancy and utilities	73,004	37,392	67,663	178,059	170,288
Meetings and conferences	2,508	1,285	2,324	6,117	7,776
Equipment rental and maintenance	5,012	2,567	4,645	12,224	39,304
Miscellaneous expenses	10,121	5,184	9,381	24,686	38,321
<b>Total Expenses</b>	<b>\$ 2,601,738</b>	<b>\$ 280,425</b>	<b>\$ 503,566</b>	<b>\$ 3,385,729</b>	<b>\$ 2,935,725</b>

*See accompanying notes to financial statements.*



# The Samuel Waxman Cancer Research Foundation, Inc.

## Statement of Cash Flows (with comparative totals for 2019)

<i>Year ended June 30,</i>	<b>2020</b>	<b>2019</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 1,819,970	\$ 1,141,857
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	2,259	1,543
Net unrealized loss on investments	1,751	1,289
Net present value discount on pledge receivables	55,990	28,477
Donated investments	(150,000)	-
Change in operating assets and liabilities:		
Decrease (increase) in:		
Pledges receivable	(1,355,822)	(579,416)
Prepaid expenses	164,643	(105,030)
Other receivables	(2,827)	(74,583)
Increase (decrease) in:		
Accounts payable and accrued expenses	(23,108)	57,831
Deferred rent	19,266	15,444
Deferred revenue	(104,875)	(74,075)
<b>Net Cash Provided by Operating Activities</b>	<b>427,247</b>	<b>413,337</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed assets	-	(7,898)
Proceeds from the sale of donated investments	150,000	-
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>150,000</b>	<b>(7,898)</b>
<b>Cash Flow from Financing Activities</b>		
Proceeds from loan payable	99,895	-
<b>Net Cash Provided by Financing Activities</b>	<b>99,895</b>	<b>-</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>677,142</b>	<b>405,439</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>1,209,583</b>	<b>804,144</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 1,886,725</b>	<b>\$ 1,209,583</b>

*See accompanying notes to financial statements.*

# The Samuel Waxman Cancer Research Foundation, Inc.

## Notes to Financial Statements

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### 1. Description of Foundation

The Samuel Waxman Cancer Research Foundation, Inc. (the Foundation) is a scientific research foundation dedicated to supporting a focused research program to develop targeted, cancer cell-specific therapies. The Foundation primarily supports programs for cancer-related research, and develops drug therapies for cancer prevention, treatment and ultimate cure. The Foundation helps to organize conferences that share findings on differentiation therapy and helps to support and assist researchers in the publication of research papers in many major scientific journals.

The Foundation is organized under the not-for-profit corporation law of the state of New York. The Foundation has been granted exemption from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined not to be a private foundation within the meaning of Section 509(a) of the Code.

### 2. Summary of Significant Accounting Policies

#### *Basis of Accounting*

The accompanying financial statements have been prepared on an accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

In the statement of financial position, assets are presented in order of liquidity or conversion to cash and liabilities are presented according to their maturity resulting in the use of cash, respectively.

#### *Financial Statement Presentation*

The classification of the Foundation's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets—net assets without donor restrictions and net assets with donor restrictions—be displayed in the statement of financial position and that the amounts of change in each of those classes of net assets be displayed in the statement of activities.

Interest, dividends and gains and losses on investments are reflected in the statement of activities as increases and decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulations or by law. Investment income and gains restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the income is recognized.

These classes are defined as follows:

*Net Assets without Donor Restrictions* - This class consists of the part of net assets that is not subject to donor-imposed stipulations and are, therefore, available for the general operations of the Foundation. The net assets without donor restrictions are used to account for all resources over which the Board of Directors has discretionary control.

# The Samuel Waxman Cancer Research Foundation, Inc.

## Notes to Financial Statements

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*Net Assets with Donor Restrictions* - This class consists of net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization, pursuant to those stipulations. When such stipulations end or are fulfilled, such donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities.

### ***Cash and Cash Equivalents***

The Foundation considers all highly liquid instruments purchased with a maturity of three months or less and money market accounts with dollar-for-dollar values to be cash and cash equivalents.

### ***Investments at Fair Value***

The Foundation reflects investments at fair value in the accompanying statement of financial position.

The fair values of alternative investments that are not readily marketable are based on the fair values of the underlying investments provided by the investment managers, which are reviewed for reasonableness by management. Because of the inherent uncertainty of valuation of the Foundation's alternative investments, values for those investments may differ significantly from values that would have been used had a ready market for the investments existed.

Investment income, net of fees, is recognized when earned, and consists of interest, dividends, realized and unrealized gains and losses, less direct external investment expenses. Dividends are recorded at the ex-dividend date. Purchases and sales are recorded on a trade-date basis.

### ***Fair Value Measurements***

U.S. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are those that market participants operating within the same marketplace as the Foundation would use in pricing its assets or liabilities based on independently derived and objectively determinable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Foundation are traded. The Foundation estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets would use, as determined by the money managers administering each investment based on the best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

*Level 1* - Valuation is based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

*Level 2* - Valuations are based on: (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in inactive markets, (c) inputs other than quoted prices that are observable for the asset or liability and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the

# The Samuel Waxman Cancer Research Foundation, Inc.

## Notes to Financial Statements

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asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* - Valuation is based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

### ***Pledges Receivable and Contributions***

Contributions are recognized when the donor makes a promise-to-give to the Foundation in substance and unconditionally. Conditional contributions and promises-to-give are not recognized until they become unconditional—that is, when the future and uncertain event on which they depend has occurred. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. Pledges receivable due after one year are discounted to net present value using the risk-adjusted interest rate in effect on the date of the gifts.

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Many volunteers, including the Board of Directors, have made significant contributions of time in furtherance of the Foundation's policies and programs. The value of this contributed time does not meet the criteria for recognition and, therefore, is not reflected in the accompanying financial statements.

### ***Allowance for Uncollectible Receivables***

The Foundation determines whether an allowance for uncollectible receivables should be provided for pledges and other receivables. Such estimates are based on management's assessment of the likelihood of collection, including consideration of how long the receivable has been outstanding, the creditworthiness of the debtor, current economic conditions, management's analysis of specific pledges made and historical information. There was no allowance recorded as of June 30, 2020, since pledges receivable, as stated in the financial statements, are deemed by the Foundation's management to be fully collectible.

### ***Fixed Assets***

Purchases of fixed assets are recorded at cost. The Foundation capitalizes property and equipment having a cost of \$1,000 or more and a useful life of greater than one year. Depreciation and amortization is recognized using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the useful life of the asset or the remaining term of the lease. As of June 30, 2020, fixed assets have a net book value of \$7,095. The estimated useful lives of fixed assets are as follows:

	Years
Computer equipment and software	5
Furniture and fixtures	5

The Foundation reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that a carrying amount of an asset may not be recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As of June 30, 2020, there have been no such losses.

# **The Samuel Waxman Cancer Research Foundation, Inc.**

## **Notes to Financial Statements**

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### ***Functional Allocation of Expenses***

The costs of providing the various program and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. The majority of expenses can generally be directly identified with the program or supporting services to which they relate and are allocated accordingly. Other expenses have been allocated among management and general and fundraising classifications primarily on the basis of the employees' time allocations.

### ***Research Grants Payable***

Research grants are awarded for one or two years. Grant expense is recorded when the terms of the grant are substantively met. At June 30, 2020, there were no grants payable. Also at June 30, 2020, there was approximately \$1,500,000 in committed grant awards that were not recorded in the financial statements due to the terms of the grant not being met. All of these grants are expected to be recorded in fiscal year 2021.

### ***Deferred Rent***

Rent expense is being recognized on a straight-line basis over the lives of the leases. The difference between rent expense recognized and rental payments, as stipulated in the respective leases, are reflected as deferred rent in the statement of financial position. Any landlord incentives on leasehold improvement costs will be amortized over the lives of the leases.

### ***Concentrations of Credit Risk***

Financial instruments that potentially subject the Foundation to concentration of credit risk consist primarily of cash and cash equivalents. At various times, the Foundation has cash deposits at financial institutions that exceed the Federal Deposit Insurance Corporation insurance limits. The Foundation has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash and cash equivalent accounts.

### ***Use of Estimates***

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

### ***Comparative Financial Information***

The financial statements include certain prior-year summarized comparative information. With respect to the statement of activities, the prior-year information is presented in total, not by net asset class. With respect to the statement of functional expenses, the prior-year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

# The Samuel Waxman Cancer Research Foundation, Inc.

## Notes to Financial Statements

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### ***Income Taxes***

The Foundation is exempt from federal, state and local income taxes under Section 501(c)(3) of the Code and, therefore, has made no provision for income taxes in the accompanying financial statements.

Under U.S. GAAP, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained upon examination by a taxing authority. The Foundation does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Foundation has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Foundation has filed IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the year ended June 30, 2020, there were no interest or penalties recorded or included in the statement of activities. The Foundation is subject to routine audit by a taxing authority. As of June 30, 2020, the Foundation was not subject to any examination by a taxing authority.

### ***Accounting Pronouncements Issued but Not Yet Adopted***

#### ***Revenue from Contracts with Customers (Topic 606)***

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB also issued ASU 2020-05, which deferred the effective date for the Foundation until annual periods beginning after December 15, 2019. Earlier adoption is permitted, subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented, or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Accounting for Leases*, which applies a right-of-use (ROU) model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset and a liability to make lease payments. For leases with a term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize an ROU asset or lease liability. At inception, lessees must classify all leases as either finance or operating, based on five criteria. Balance sheet recognition of finance and operating leases is similar, but the pattern of expense recognition in the income statement, as well as the effect on the statement of cash flows, differs depending on the lease classification. In addition, lessees and lessors are required to provide certain qualitative and quantitative disclosures to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. With the release of ASU 2020-05, this ASU was delayed and is effective for the Foundation's fiscal years beginning after December 31, 2021, with early adoption permitted. Management is currently evaluating the impact of this ASU on its financial statements.

# The Samuel Waxman Cancer Research Foundation, Inc.

## Notes to Financial Statements

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### 3. Liquidity and Availability of Resources

The Foundation's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

*Year ended June 30, 2020*

Cash and cash equivalents	\$	1,886,725
Pledges receivable		3,008,853
Investments, at fair value		14,017
Other receivables		106,310
<b>Total Financial Assets</b>		<b>5,015,905</b>
Less:		
Contractual or donor-imposed restrictions:		
Subject to appropriation and satisfaction of donor restrictions		(2,910,463)
<b>Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>	<b>\$</b>	<b>2,105,442</b>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. The Foundation regularly monitors the cash balance to ensure sufficient liquidity exists to meet its operating needs, as well as other commitments and obligations over the next 12 months.

### 4. Investments at Fair Value

Investments at fair value consist of the following as of June 30, 2020:

Alternative investments - hedge funds	\$	14,017
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The underlying investments of the hedge funds may be invested in loans, including loans issued by or related to companies that are experiencing various forms of financial, operational, legal and/or other distress and impairment. Any underlying investment in high-yield loans may involve special risks. For example (and without limitation), the underlying investments may be noninterest bearing, unsecured and/or subordinated to other claimants. Until investments are sold or mature, the underlying investments are exposed to credit risk relating to whether the obligor will meet its obligation when due.

The Foundation's policy is to recognize transfers in and transfers out between fair value levels as of the end of the period in which the transfer takes place. For the year ended June 30, 2020, no such transfers between fair value levels occurred.

As of June 30, 2020, the Foundation had no unfunded commitments to invest in its alternative investments.

Following is a description of the valuation methodologies used for assets measured at fair value.

*Hedge Funds* - Investments in hedge funds are valued at the net asset value (NAV) of the shares held by the Foundation at year-end. The fair value of hedge funds is provided by the investment manager

# The Samuel Waxman Cancer Research Foundation, Inc.

## Notes to Financial Statements

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and is based on the fair values of the underlying investments and may be based on historical cost, appraisals and obtainable prices for similar assets or other estimates. When price quotations for the underlying investments are not available from unaffiliated market makers or other financial institutions that regularly trade similar investments, independent valuation agents determine, in consultation with the investment managers, the value of the investments by reviewing information prepared or provided by the investment managers and/or by using their proprietary valuation models. Since the hedge funds are valued at NAV per share practical expedient, they have not been categorized in the fair value hierarchy.

Investment income includes the following for the year ended June 30, 2020:

Interest and dividends	\$	93,742
Unrealized loss		(1,751)
<b>Total Investment Activity</b>	<b>\$</b>	<b>91,991</b>

### 5. Pledges Receivable, Net

Pledges receivable, net, as of June 30, 2020 are scheduled to be collected as follows:

Year ending June 30,

2021	\$	1,322,499
2022		795,000
2023		635,000
2024		375,000
Less: discount to present value		118,646
<b>Total Pledges Receivable, Net</b>	<b>\$</b>	<b>3,008,853</b>

Pledges receivable due after one year are discounted to net present value using risk adjusted interest rates in effect on the date of the gifts. An interest rate of 2% is used to discount the unconditional promises as of June 30, 2020.

### 6. Commitments and Contingencies

#### *Operating Lease*

The Foundation entered into an operating lease, as amended, through October 2023. The lease agreement provides for rent expense related to the required minimum rentals, which is recognized on a straight-line basis over the term of the lease. Straight-lining of rent gives rise to a timing difference that is reflected as deferred rent. As of June 30, 2020, the Foundation has a deferred rent liability balance of \$38,074.



# The Samuel Waxman Cancer Research Foundation, Inc.

## Notes to Financial Statements

Future minimum lease payments under operating leases as of June 30, 2020 approximate the following:

Year ending June 30,

2021	\$	167,004
2022		172,014
2023		177,175
2024		59,938
	\$	576,131

Rent expense for the year ended June 30, 2020 was \$170,288 and was included within occupancy and utilities in the statement of functional expenses.

### ***Third-Party Vendor Ransomware Attack***

On July 16, 2020, the Foundation was notified by the third-party vendor that manages its donor information, that a ransomware attack occurred in May 2020 on the third party vendor's back-up system in which certain data was exfiltrated. The third-party vendor took immediate and decisive action to address the incident. This incident has had no impact on the Foundation's operations or the data on the Foundation's system. As of the date of this report, the Foundation cannot estimate the financial impact this event will have on their financial position, if any, and as a result, the Foundation has not accrued any liability.

## **7. Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2020, as follows:

Donor-imposed time restrictions	\$	161,297
Donor-imposed program restriction		2,749,166
	\$	2,910,463

During the year ended June 30, 2020, the Foundation released net assets in accordance with the donor-imposed program and time restrictions, totaling \$741,667.

## **8. Related-Party Transactions**

The Foundation transacts business with, or contracts services with, companies or individuals that employ certain members of the Board of Directors, or are relatives of certain employees, or members of the Board of Directors, which includes a consulting agreement with the Foundation's founder.

## **9. Post Retirement Plan**

The Foundation established a defined contribution plan, as defined by Internal Revenue Code Section 403(b), as of January 1, 2019. The plan is offered to substantially all of its employees. For the year ended June 30, 2020, the employer contribution expense was \$22,169 and is included in salaries and related benefits in the statement of functional expenses.

# The Samuel Waxman Cancer Research Foundation, Inc.

## Notes to Financial Statements

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### 10. Risks and Uncertainties

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

As a result of the COVID-19 outbreak, the Foundation has incurred, and it is expected to incur for the foreseeable future, incremental and other COVID-19 pandemic-related expenses. COVID-19 pandemic-related expenses consist of additional costs that the Foundation is incurring to protect its employees, board of directors and donors, and to support social-distancing requirements resulting from the COVID-19 pandemic. These costs include, but are not limited to, new or added benefits provided to donors, the purchase of additional personal protection equipment and disinfecting supplies, additional facility cleaning services, initiated programs and communications to customers on utility response, and increased technology expenses to support remote working, where possible.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full impact that the pandemic will have on the Foundation's financial condition, liquidity and future results of operations. Management was notified by some donors that payment terms of pledges might be extended past their due dates. Management feels this will have minimal impact on the ongoing operations of the Foundation. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry and workforce.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (the CARES Act) was enacted. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions and technical corrections to tax depreciation methods for qualified improvement property.

The CARES Act also appropriated funds for the United States Small Business Administration Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by the COVID-19 outbreak.

Management continues to examine the impact that the COVID-19 outbreak and CARES Act may have on its business. Management is currently unable to determine any additional impact on its financial condition, results of operation or liquidity. Although the Foundation cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material effect on the Foundation's results of future operations, financial position, and liquidity in fiscal year 2021.

#### ***Small Business Administration - Paycheck Protection Program***

On April 14, 2020, the Foundation applied for and received approval for a loan under the PPP administered by the United States Small Business Administration. The PPP was legislated as part of the CARES Act, and is a program designed to provide a direct incentive for small businesses to keep their workers on the payroll. The loan may be partially or fully forgiven if the business keeps its

# **The Samuel Waxman Cancer Research Foundation, Inc.**

## **Notes to Financial Statements**

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employee counts and employee wages stable. As of June 30, 2020, the Foundation's PPP loan had a balance of \$99,895 and is held by a financial institution. Management believes the PPP loan will be fully forgiven, but until such time the PPP Loan is recorded as loan payable in the statement of financial position.

### **11. Subsequent Events**

The Foundation's management has performed subsequent event procedures through December 4, 2020, which is the date the financial statements were available to be issued, and there were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.