



FANCONI ANEMIA
RESEARCH FUND
Advancing Research. Supporting Families.

FANCONI ANEMIA RESEARCH FUND, INC.

Financial Statements and Report of Independent Auditors

For the Year Ended December 31, 2018

(With Summarized Comparative Information for the Year Ended December 31, 2017)

Fanconi Anemia Research Fund, Inc.

**Report of Independent Auditor and Financial Statements
For the Year Ended December 31, 2018
(With Summarized Comparative Information for the Year Ended December 31, 2017)**

Fanconi Anemia Research Fund, Inc.
Year Ended December 31, 2018
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Independent Auditor's Report

To the Board of Directors
Fanconi Anemia Research Fund, Inc.
Eugene, Oregon

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Report on the Financial Statements

We have audited the accompanying financial statements of Fanconi Anemia Research Fund, Inc., 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.

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 Fanconi Anemia Research Fund, Inc. as of December 31, 2018, and the changes in its net assets, functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of grants awarded on page 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Fanconi Anemia Research Fund, Inc.'s 2017 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 25, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Isler CPA
April 10, 2019

FINANCIAL STATEMENTS

Fanconi Anemia Research Fund, Inc.
Statement of Financial Position
December 31, 2018
(With Summarized Comparative Information December 31, 2017)

	ASSETS	
	2018	2017
CURRENT ASSETS		
Cash and cash equivalents	\$ 215,729	\$ 1,018,030
Other current assets	-	2,422
Total current assets	215,729	1,020,452
Investments	6,542,205	6,692,185
Beneficial interest in assets held by OCF	85,985	-
Total assets	<u>\$ 6,843,919</u>	<u>\$ 7,712,637</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 10,667	\$ 10,636
Grants payable, current	904,840	1,045,841
Accrued payroll	32,634	8,844
Total current liabilities	948,141	1,065,321
Grants payable, noncurrent	443,520	67,618
Total liabilities	1,391,661	1,132,939
NET ASSETS		
With donor restrictions:		
Purpose restricted	1,369,744	1,763,522
With donor restrictions:		
Designated by the Board for endowment	85,985	-
Undesignated	3,996,529	4,816,176
Total net assets	5,452,258	6,579,698
Total net assets and liabilities	<u>\$ 6,843,919</u>	<u>\$ 7,712,637</u>

See accompanying notes to financial statements

Fanconi Anemia Research Fund, Inc.
Statement of Activities
For the Year Ended December 31, 2018
(With Summarized Comparative Information for the Year Ended December 31, 2017)

	Without Donor Restrictions	With Donor Restrictions	2018 Total	2017 Comparative Total
REVENUES AND SUPPORT				
Contributions and grants	\$ 1,638,623	\$ 1,000,000	\$ 2,638,623	\$ 3,262,131
Net investment income (loss)	(142,120)	-	(142,120)	457,421
Other income	3,328	-	3,328	80,872
Total revenue and support	<u>1,499,831</u>	<u>1,000,000</u>	<u>2,499,831</u>	<u>3,800,424</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>1,393,778</u>	<u>(1,393,778)</u>	<u>-</u>	<u>-</u>
EXPENSES				
Program services:				
Research	2,611,053	-	2,611,053	1,461,324
Family support	290,073	-	290,073	310,338
Total program services	<u>2,901,126</u>	<u>-</u>	<u>2,901,126</u>	<u>1,771,662</u>
Support services:				
Management and general	424,893	-	424,893	322,728
Fundraising	301,252	-	301,252	300,645
Total support services	<u>726,145</u>	<u>-</u>	<u>726,145</u>	<u>623,373</u>
Total expenses	<u>3,627,271</u>	<u>-</u>	<u>3,627,271</u>	<u>2,395,035</u>
CHANGE IN NET ASSETS	(733,662)	(393,778)	(1,127,440)	1,405,389
Net Assets, beginning of year	<u>4,816,176</u>	<u>1,763,522</u>	<u>6,579,698</u>	<u>5,174,309</u>
Net Assets, end of year	<u>\$ 4,082,514</u>	<u>\$ 1,369,744</u>	<u>\$ 5,452,258</u>	<u>\$ 6,579,698</u>

See accompanying notes to financial statements

Fanconi Anemia Research Fund, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2018
(With Summarized Comparative Information for the Year Ended December 31, 2017)

	Program Services			Support Services			2018 Total Expenses	2017 Total Expenses
	Research	Family Support	Total Program Services	Management and General	Fundraising	Total Support Services		
Research grants	\$ 1,860,513	\$ -	\$ 1,860,513	\$ -	\$ -	\$ -	\$ 1,860,513	\$ 931,559
Scholarships	43,630	14,897	58,527	-	-	-	58,527	32,768
Conferences and meetings	412,447	111,402	523,849	32,185	14,912	47,097	570,946	447,442
Payroll	198,170	89,304	287,474	188,684	107,029	295,713	583,187	501,310
Special projects	2,334	20,000	22,334	792	43,918	44,710	67,044	65,194
Payroll tax and benefits	45,276	20,131	65,407	44,052	24,453	68,505	133,912	96,407
Printing	5,052	15,584	20,636	1,971	14,102	16,073	36,709	29,634
Postage	3,156	6,756	9,912	9,502	9,578	19,080	28,992	35,455
Professional fees	8,591	350	8,941	21,051	-	21,051	29,992	21,109
Supplies	10,390	4,505	14,895	12,229	39,736	51,965	66,860	79,764
Rent	-	-	-	29,283	-	29,283	29,283	29,324
Computer and equipment	6,989	1,739	8,728	30,554	5,671	36,225	44,953	47,635
Miscellaneous	1,672	3,027	4,699	1,474	738	2,212	6,911	48,475
Office expenses	-	2,146	2,146	39,527	570	40,097	42,243	55,419
Recruiting	9,002	-	9,002	2,603	25,450	28,053	37,055	37,630
Legal	3,308	-	3,308	-	-	-	3,308	-
Bank charges	-	-	-	1,174	429	1,603	1,603	286
Licenses and permits	-	-	-	-	9,384	9,384	9,384	5,064
Insurance	-	-	-	9,314	-	9,314	9,314	10,837
Awards and Grants	-	-	-	-	5,000	5,000	5,000	28,345
Less termination of previously awarded research grants	-	-	-	-	-	-	-	(117,500)
Contract Services	<u>523</u>	<u>232</u>	<u>755</u>	<u>498</u>	<u>282</u>	<u>780</u>	<u>1,535</u>	<u>8,878</u>
Total	\$ 2,611,053	\$ 290,073	\$ 2,901,126	\$ 424,893	\$ 301,252	\$ 726,145	\$ 3,627,271	\$ 2,395,035

See accompanying notes to financial statements.

Fanconi Anemia Research Fund, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2018
(With Summarized Comparative Information for the Year Ended December 31, 2017)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,127,440)	\$ 1,405,389
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Unrealized loss (gain) on investments	252,640	(360,312)
Donated securities received	(11,096)	-
Changes in:		
Other current assets	2,422	(2,422)
Accounts payable	31	(3,425)
Payroll accrual	5,744	-
Vacation accrual	18,046	(2,578)
Grants payable	<u>234,901</u>	<u>(764,184)</u>
Net cash flow from operating activities	<u>(624,752)</u>	<u>272,468</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	<u>(177,549)</u>	<u>(1,135,001)</u>
Net cash flow from investing activities	<u>(177,549)</u>	<u>(1,135,001)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(802,301)	(862,533)
Cash and cash equivalents, beginning of year	<u>1,018,030</u>	<u>1,880,563</u>
Cash and cash equivalents, end of year	<u><u>\$ 215,729</u></u>	<u><u>\$ 1,018,030</u></u>
Schedule of noncash investing activities:		
Investment income reinvested, net of fees	<u>\$ 109,399</u>	<u>\$ 94,457</u>

See accompanying notes to financial statements

Fanconi Anemia Research Fund, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2018
(With Summarized Comparative Information for the Year Ended December 31, 2017)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities - Fanconi Anemia Research Fund, Inc. (the "Organization") is a nonprofit organization incorporated in the State of Oregon on February 27, 1989. The Organization was established to fund research into a cure or effective treatment for victims of Fanconi Anemia and to offer support services to affected families. The primary funding sources are contributions from individuals and foundations.

The Organization's current programs consist of the following:

Research - This program supports various scientific studies, which may lead to a cure or effective treatment for Fanconi Anemia, and education on the progress of current research.

Family Support - This program provides support to Fanconi Anemia families through education and networking.

Basis of presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP"). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions include amounts designated by the board of directors for specified purposes. During 2015 the board established the David B. Frohnmayer Scientific Research Fund ("DBF Fund"). The board of directors approved an operating reserve policy in 2017 which sets a target minimum balance for the DBF Fund. This amount is adjusted each year based upon project load.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Net assets with donor restrictions include donor-restricted support received during the year specifically for cancer research within the David B. Frohnmayer Scientific Research Fund. Certain net assets with donor restrictions include stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Revenue recognition - Contributions are recognized when cash, securities or other assets are received; or criteria for an unconditional promise to give is met. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Revenue is recorded with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Governmental grant revenue from cost-reimbursement contracts are recognized to the extent of eligible expenses. Governmental grant revenue not subject to restrictions is recognized upon execution of the agreement.

Cash and cash equivalents - For purposes of the Statement of Cash Flows, the Organization considers all bank time deposits and highly liquid investments, that are not held in brokerage accounts, that are available for current use with an initial maturity of three months or less to be cash equivalents. Total cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. At times, the Organization's balances may exceed amounts insured by the FDIC.

Investments - The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at fair value. Net investment return (loss) is reported in the statement of activities and consists of the realized gains or losses and the unrealized appreciation (decline) of those investments.

Fanconi Anemia Research Fund, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2018
(With Summarized Comparative Information for the Year Ended December 31, 2017)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Board-designated endowment fund - During 2018 the Organization established the Amy Winn and Christopher Byrd award endowment fund. The initial allocation of funds to the endowment fund was made by the board of directors and has no donor restrictions. As such the endowment fund is part of net assets without donor restrictions. The endowment fund was set up to fund the Amy Winn and Christopher Byrd award that is presented annually to someone who is striving to make a difference and has set high goals for him/herself. In addition to funding the award, the endowment is scheduled to fund the travel cost of the award winner to the annual meeting for adults with Fanconi Anemia. All funds within the endowment fund were invested in the Social Impact Pool with the Oregon Community Foundation (OCF). Investments within this fund are subjected to an environmental, social and governance screening. Distributions out of the endowment fund are subject to OCF discretion. Distributions are based on the grant percentage payout policy for permanent funds which is periodically updated by the board of directors of OCF. This payout rate was 4.45% of the average fair market value of the fund, based on a thirteen-quarter trailing average ending September 30. This rate is reviewed annually. In no event will such percentages be less than a reasonable rate of return.

Fair value measurements - 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. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data;

Level 3 - Significant unobservable inputs for assets or liabilities.

A significant portion of our investment assets are classified within Level 1 because they comprise money market accounts, equities and ETF funds with readily determinable fair values based on daily redemption values. The fair value of our beneficial interest in assets held by the Oregon Community Foundation is based on the fair value of fund investments as reported by the community foundation. These are considered to be Level 3 measurements. The following table presents assets and liabilities measured at fair value on a recurring basis at December 31, 2018:

Assets	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating investments:				
US equities	\$ 2,449,211	\$ 2,449,211	\$ -	\$ -
International equities	401,315	401,315	-	-
Tips bond ETF's	960,039	960,039	-	-
Cash, money market and sweeps	2,731,640	2,731,640	-	-
Beneficial interest in assets held by Oregon Community Foundation	<u>85,985</u>	<u>-</u>	<u>-</u>	<u>85,985</u>
Total	<u>\$ 6,628,190</u>	<u>\$ 6,542,205</u>	<u>\$ -</u>	<u>\$ 85,985</u>

Fanconi Anemia Research Fund, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2018
(With Summarized Comparative Information for the Year Ended December 31, 2017)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurements (continued)

Investment loss of \$142,120 includes interest and dividend income of \$142,793 less fees of \$32,273 and a loss in value of \$252,640. The amount of cash, money market and sweeps of \$2,783,475 is not insured by FDIC or SPIC. The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2018:

	2018
Beginning Balance	\$ -
Investment return, net	(7,165)
Contributions	93,150
Ending balance	\$ 85,985

Contributions - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as net assets with donor restriction support that increase those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as net assets without donor restrictions.

Donated materials and services - The Organization receives donated services from a variety of unpaid volunteers assisting the Organization in its program services and fundraising campaigns. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort have not been satisfied. Donated materials and supplies are reflected as unrestricted support unless explicit donor stipulations specify how donated assets must be used.

Use of estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional expense allocation - The expenses of the Organization are categorized as either program services or supporting services. Program services include direct and indirect costs related to providing the services and activities for which purpose the Organization exists. Supporting services include administration and fundraising activities. Administration expenses relate to the overall direction of the Organization, including board activities, general record keeping, business management, and budgeting. Fundraising expenses relate to the solicitation of contributions to support organizational goals. The Organization has elected to not allocate costs amongst the various services.

Income taxes - The Organization is organized as an Oregon nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under IRC Sections 509(a)(1) and (3), respectively. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS and reports in other states where the Organization has activities. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. We have determined that the Organization is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Comparative financial information - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles; accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Fanconi Anemia Research Fund, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2018
(With Summarized Comparative Information for the Year Ended December 31, 2017)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent events - The Organization has evaluated subsequent events through April 10, 2019 which is the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

Recently implemented accounting pronouncements - Certain net asset amounts in the prior year comparative information have been reclassified to conform to the current year presentation as a result of ASU 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. There was no effect on previously reported change in net assets. The change is as follows:

	<u>2017</u>
As stated in prior year	
Unrestricted net assets	\$ 4,816,176
Temporarily restricted net assets	<u>1,763,522</u>
Total net assets	<u>\$ 6,579,698</u>
Restated prior year net assets	
Net assets with donor restrictions	\$ 1,763,522
Net assets without donor restrictions	<u>4,816,176</u>
Total net assets	<u>\$ 6,579,698</u>

NOTE 2 - INVESTMENTS

The Organization's investments, which are carried at fair value, consist of the following at December 31, 2018 and 2017.

	<u>2018</u>	<u>2017</u>
US equities	\$ 2,449,211	\$ 2,380,106
International equities	401,315	547,941
Beneficial interest in assets of OCF	85,985	-
Tips bond ETF's	960,039	980,663
Cash, money market, and sweeps	<u>2,731,640</u>	<u>2,783,475</u>
Total investments	<u>\$ 6,628,190</u>	<u>\$ 6,692,185</u>

Fanconi Anemia Research Fund, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2018
(With Summarized Comparative Information for the Year Ended December 31, 2017)

NOTE 3 - NET ASSETS

Net assets with donor restrictions are restricted for the following purposes:

	<u>2018</u>	<u>2017</u>
Cancer research	\$ 1,369,744	\$ 1,763,522

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors

	<u>2018</u>	<u>2017</u>
Cancer research expenses:		
Grant expenses	\$ 1,233,029	\$ 564,546
Non-grant expenses	<u>160,749</u>	<u>161,686</u>
Total restrictions released	<u>\$ 1,393,778</u>	<u>\$ 726,232</u>

NOTE 4 - GRANTS PAYABLE

The Organization has entered into contracts for grants to researchers that will be made in installments over the terms of the contracts. Accordingly, the grant payments are classified as current and long-term as follows at December 31:

	<u>2018</u>	<u>2017</u>
Grants payable - current portion	\$ 904,840	\$ 1,045,841
Grants payable - noncurrent portion	<u>443,520</u>	<u>67,618</u>
Total	<u>\$ 1,348,360</u>	<u>\$ 1,113,459</u>

All noncurrent grant payables are schedule to be paid within two years of the statement of financial position date.

NOTE 5 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$5,388,189 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures at December 31, 2018. Financial assets consist of \$215,729 in cash and \$5,172,460 in investments as of December 31, 2018. Not included in this amount \$85,985 is invested in a quasi endowment fund. In addition to these amounts, the Organization also has \$1,369,744 in cash and short term investments that are subject to donor restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a goal to maintain financial assets, which consists of cash and short term investments on hand to meet 90 days of normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests approximately 40% in cash and CDs, which it could easily withdraw in the event of an unanticipated liquidity need. The Organization had \$5,946,693 in financial assets available within one year of the balance sheet date to meet cash needs for general expenditures at December 31, 2017.

Fanconi Anemia Research Fund, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2018
(With Summarized Comparative Information for the Year Ended December 31, 2017)

NOTE 6 - LEASES

The Organization rents office space under an agreement that is accounted for as an operating lease. The base rent is \$2,422 per month with an inflation adjustment based on the CPI for Portland with any increase not to exceed 3% per year. The original lease has been extended and currently expires in March 2020. The extension agreement includes a clause allowing for early termination with six months notice of intent. Rent expense related to the office space was \$29,283 for the year ended December 31, 2018. Rent expense was \$29,324 for the year ended December 31, 2017 .

The Organization also rents a copier under an agreement that is accounted for as an operating lease. The base rent is \$219 per month. The initial terms of the lease is a 60 month lease period. The lease requires the lessee to notify the lessor at least 60 days prior to the end of the lease that they will be either purchasing the equipment at fair market value or will not be renewing the lease. Failure to do so will result in an automatic one-year renewal period. The lease is also non-cancelable for the full term of the lease. Rent expense related to the copier was \$2,785 for the year ended December 31, 2018 . Rent expense related to the copier was \$1,885 for the year ended December 31, 2017.

Future minimum lease payments as of December 31, 2018 are as follows:

Year ending <u>June 30,</u>	lease <u>requirement</u>
2019	\$ 32,946
2020	10,551
2021	2,785
2022	<u>928</u>
Total future payments	<u>\$ 47,210</u>

NOTE 7 - RETIREMENT PLAN

The Organization has an IRS Section 403(b)(7) plan ("Fanconi Anemia Research Fund, Inc. Retirement Plan") that covers eligible employees, as defined by the plan. Employees are eligible immediately upon becoming employed and may elect to have elective deferrals up to the maximum amount allowed by law to the plan each year, but not less than \$200 annually. The employer provides a 100% match of employee contributions up to a maximum match of \$2,000 per year. Retirement plan expense was \$14,637 for the year ending December 31, 2018 and was \$11,252 for the year ending December 31, 2017.

NOTE 8 - COMMITMENTS

The Organization has entered into several contractual agreements securing hotel accommodations for future conferences. These agreements often contain cancellation clauses that would require the Organization to pay some portion of the contracted fees if a future conference were cancelled or relocated. The possibility of cancellation of future conferences is remote and the potential financial impact of cancellation has been deemed to be not material. Therefore, no liability has been accrued.

NOTE 9 - CONCENTRATIONS

Included in contributions and grants were \$2,479,791 of contributions attributable to the efforts of two individuals. These contributions comprise 94% of total contribution and grant revenue in 2018. In 2017 these contributions and grants were \$2,558,303, 78% of total contributions and grant revenue.

Also included in contributions and grants were \$1,594,160 of contributions attributable to the efforts of the Organizations board members. These contributions comprise 60% of total contributions and grant revenue. In 2017 there were \$1,558,303 of contributions attributable to the efforts of the Organizations board members. These contributions comprised 48% of total contribution and grant revenue

Fanconi Anemia Research Fund, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2018
(With Summarized Comparative Information for the Year Ended December 31, 2017)

NOTE 10 -RECENTLY ISSUED ACCOUNTING GUIDANCE

Revenue recognition. In May 2014, the Financial Accounting Standards Board (FASB) issued its new revenue recognition guidance in Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606) along with several subsequent amendments to clarify the new guidance and transition implementation. The new model improves and converges the revenue recognition requirements of U.S. GAAP and International Financial Reporting Standards, and replaces both with principles based guidance. Nonpublic entities should apply the amendments in ASU 2014-09 for annual reporting periods beginning after December 31, 2018.

Leases. The FASB has issued its new lease accounting guidance in Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date:

- A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and
- A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.
- Nonpublic business entities should apply the amendments for fiscal years beginning after December 15, 2019 (i.e., January 1, 2020, for a calendar year entity). Early application is permitted.

SUPPLEMENTARY INFORMATION

Fanconi Anemia Research Fund, Inc.
Schedule of Grants Awarded
Year Ended December 31, 2018

Grant recipient	Grant payable at beginning of year	Grants awarded during the year	Grants paid during the year	Adjustments	Grant payable at end of year	Payable in next year	Payable after one year
University Autonoma Barcelona	\$ 20,000	\$ -	\$ (20,000)	\$ -	\$ -	\$ -	\$ -
Whitehead Institute	20,000	-	(20,000)	-	-	-	-
San Raffaele Telethon Institute	21,875	-	(21,875)	-	-	-	-
Cincinnati Children's Hospital	31,250	-	(31,250)	-	-	-	-
National Cancer Institute	37,750	-	(37,750)	-	-	-	-
National Cancer Institute (2)	150,000	-	(150,000)	-	-	-	-
VU Medical Center	234,320	-	(117,160)	-	117,160	117,160	-
St Vincent Institute	68,613	-	(68,613)	-	-	-	-
Stanford University	119,338	-	(95,470)	-	23,868	23,868	-
Boston University	109,375	-	(87,500)	-	21,875	21,875	-
F. Hutchinson Cancer Research Center	-	175,000	(43,750)	-	131,250	87,500	43,750
University of Washington	-	174,984	(43,743)	-	131,241	87,495	43,746
Rockefeller University	-	120,000	(30,000)	-	90,000	60,000	30,000
Stanford University (2)	-	180,000	(45,000)	-	135,000	90,000	45,000
Amsterdam UMC	-	10,000	(10,000)	-	-	-	-
Deutsche *	-	182,081	(22,760)	-	159,321	68,280	91,041
Cincinnati Children's Hospital (2)	-	75,000	(75,000)	-	-	-	-
University of California	-	121,600	(121,600)	-	-	-	-
Boston Children's Hospital	-	686,844	(232,574)	-	454,270	264,287	189,983
Deutsche (2)*	22,915	-	(22,915)	-	-	-	-
Yale University	-	125,000	(62,500)	-	62,500	62,500	-
Children's Hospital of Philadelphia	76,722	-	(76,722)	-	-	-	-
Dana-Farber Cancer Institute	109,375	-	(87,500)	-	21,875	21,875	-
Ohio State University	91,926	-	(91,926)	-	-	-	-
Children's Hospital Medical Center	-	10,000	(10,000)	-	-	-	-
Total	\$ 1,113,459	\$ 1,860,509	\$ (1,625,608)	\$ -	\$ 1,348,360	\$ 904,840	\$ 443,520

* Service grant