EisnerAmper

THE FIBROLAMELLAR CANCER FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2018

THE FIBROLAMELLAR CANCER FOUNDATION

Contents

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Fibrolamellar Cancer Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of The Fibrolamellar Cancer Foundation (the "Foundation"), 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 organization'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 organization'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 Fibrolamellar Cancer Foundation 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.

EisnerAmper LLP

EISNERAMPER LLP
Iselin, New Jersey
September 11, 2019

THE FIBROLAMELLAR CANCER FOUNDATION

Statement of Financial Position
December 31, 2018

ASSETS	
Cash and cash equivalents	**$ 1,629,859**
Investments	**3,291,465**
Other receivables	**44,007**
Equipment, net	**3,786**
Total assets	**$ 4,969,117**
LIABILITIES	
Accounts payable and accrued expenses	**$ 36,911**
Due to related party	**1,061**
Grants payable	**762,491**
Total liabilities	**800,463**
NET ASSETS	
Without donor restriction	**4,168,654**
Total liabilities and net assets	**$ 4,969,117**

See accompanying notes to financial statements

THE FIBROLAMELLAR CANCER FOUNDATION

Statement of Activities
Year Ended December 31, 2018

Revenues:	
Contributions	$ 1,719,733
Golf outing	122,750
Investment income, net	21,095
In-kind contributions	40,000
Total revenues	1,903,578
Expenses:	
Grants for research	348,413
Compensation	280,283
Golf outing - costs of direct benefit to donors	132,257
Outside services	91,673
Research	40,548
Accounting and administrative services	40,000
Program costs	25,927
Miscellaneous	34,604
Total expenses	993,705
Change in net assets without donor restriction	909,873
Net assets without donor restriction, beginning of year	3,258,781
Net assets without donor restriction, end of year	$ 4,168,654

THE FIBROLAMELLAR CANCER FOUNDATION

Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services	Management and General	Fundraising	Total
Grants for research	$ 348,413	$ -	$ -	$ 348,413
Compensation	46,216	234,067	-	280,283
Golf outing	-	-	132,257	132,257
Outside Services	65,200	26,473	-	91,673
Research	40,548	-	-	40,548
Accounting and administrative services	-	40,000	-	40,000
Program costs	25,927	-	-	25,927
Miscellaneous	-	25,068	9,536	34,604
	$ 526,304	$ 325,608	$ 141,793	$ 993,705

THE FIBROLAMELLAR CANCER FOUNDATION

Statement of Cash Flows
Year Ended December 31, 2018

Cash flows from operating activities:	
Change in net assets	**$ 909,873**
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	**131**
Unrealized gain on investments	**(18,699)**
Changes in:	
Other receivables	**42,743**
Accounts payable and accrued expenses	**(35,352)**
Due to/from related party	**17,521**
Grants payable	**(378,184)**
Net cash provided by operating activities	**538,033**
Cash flows from investing activities:	
Purchase of investments	**(750,000)**
Purchase of fixed assets	**(3,917)**
Net cash used in investing activities	**(753,917)**
Net change in cash and cash equivalents	**(215,884)**
Cash and cash equivalents, beginning of the year	**1,845,743**
Cash and cash equivalents, end of year	**$ 1,629,859**

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Organization:

The Fibrolamellar Cancer Foundation (the "Foundation"), is a not-for-profit organization, organized under the laws of the State of Delaware. The Foundation was established to raise awareness and research funds for fibrolamellar hepatocellular carcinoma, a rare form of liver cancer that is primarily seen in teens and young adults. Currently, there are no viable treatment options other than liver resection surgery. The Foundation's mission is to find a cure and reliable treatment options for those diagnosed with this rare disease as well as enhance communication among healthcare professionals and patients.

The Foundation devotes all of its time to fundraising and grant-making and building collaborative relationships to support these causes. The activities of the Foundation began in June 2009, and are conducted by the Board of Directors and officers of the Foundation.

[2] Basis of presentation:

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

The Foundation accounts for and reports on its net assets based upon the existence or absence of donor-imposed restrictions. Net assets with donor restrictions are those whose donor-imposed restrictions as to a specific purpose or time have not been met. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets without donor restrictions include all resources that are not subject to donor-imposed restrictions. At December 31, 2018, there were no net assets with donor restriction.

[3] Adoption of new accounting pronouncement:

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (*Topic 958*). The ASU amends the current reporting model for nonprofit organizations and enhances the required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets not entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) requiring that all nonprofits present an analysis of expenses by function and nature and disclose a summary of the allocation methods used to allocate costs, (c) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (d) presenting investment return net of external and direct internal expenses, and (e) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The Foundation has adopted the ASU as of and for the year ended December 31, 2018.

[4] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP 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 income and expenses during the reporting period. Actual results could differ from those estimates.

[5] Cash and cash equivalents:

Cash and cash equivalents include highly liquid investments with initial maturity dates of three months or less.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[6] Investments:

The Foundation accounts for its investments in accordance with relevant authoritative guidance, which defines fair value, establishes a framework for measuring fair value, and requires enhanced disclosures about fair value measurements. Investments are reflected on the statement of financial position at fair value, with changes in unrealized gains and losses resulting from changes in fair value reflected in investment income reported in the statement of activities. Fair value is the estimated amount 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.

Investments consist of investments in limited partnerships that are non-marketable. The net asset value provided by the partnerships' management is used as a practical expedient measurement of fair value. This method may produce a fair value estimate that may not be indicative of the net realizable value or reflective of future values. Furthermore, although management believes this valuation method is appropriate and consistent with the practices of other market participants, the use of different methodologies or assumptions to determine fair value could result in a different fair value measurement at the reporting date.

Investments received as contributions, if any, are initially recorded at fair value at the date of receipt. Realized and unrealized gains and losses are included in changes in unrestricted net assets in the statement of activities.

Users of these financial statements should be aware that the financial markets' volatility may significantly impact the subsequent valuation of the Foundation's investments. Accordingly, the valuation of investments may not necessarily be indicative of amounts that could be realized in a current market exchange.

[7] Equipment:

Equipment is stated at cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful life of the equipment of 5 years. The Foundation capitalizes all equipment with a cost of $1,000 or greater, and expenses all repairs and maintenance.

[8] Contributions:

Contributions are recognized as revenue when they are received or unconditionally pledged. Contributions of assets other than cash are recorded at fair value at the date of the donation.

In 2018, the Foundation's golf outing generated revenue of $1,041,950 of which $122,750 was reported as golf outing revenue and the remaining reported as contributions. Related expenses of the golf outing totaled $132,257.

[9] Income taxes:

The Internal Revenue Service ("IRS") has determined that the Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code ("IRC") and is exempt from tax on related income pursuant to Section 501(a) of the IRC. The Foundation is classified as a public charity. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

Management has analyzed the tax positions taken by the Foundation, and has concluded that as of December 31, 2018, there are no uncertain positions taken or expected to be taken that would require the recognition of a liability or disclosure in the financial statements. The Foundation recognizes accrued interest and penalties associated with uncertain tax provisions, if any. There were no income tax-related interest and penalties recorded for the year ended December 31, 2018.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[10] Donated services:

Donated services are recognized as revenues and expenses if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

[11] New accounting pronouncements:

In May 2014, the FASB issued ASU No. 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. FASB issued ASU 2015-14 that deferred the effective date for the Foundation until annual periods beginning after December 15, 2018. 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. The Foundation is currently evaluating the effect the provisions of this ASU will have on the financial statements and related disclosures.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying The Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies and improves guidance concerning, 1) the determination whether a transaction should be accounted for as an exchange transaction or as a contribution, and 2) whether a contribution received is conditional. ASU 2018-08 is effective for annual periods beginning after December 15, 2018 for entities that are resource recipients (which will be the year beginning January 1, 2019 for the Foundation), with early adoption permitted. ASU 2018-08 should be applied on a modified prospective basis. The Foundation is currently evaluating the effect that the new standard will have on its financial statements and related disclosures.

[12] Subsequent events:

The Foundation evaluated events through September 11, 2019, which was the date the financial statements were available to be issued.

NOTE B - EQUIPMENT

Equipment at December 31, 2018 consists of the following:

Equipment	**$ 3,917**
Less: accumulated depreciation	**(131)**
Total	**$ 3,786**

Depreciation expense for the year ended December 31, 2018 was $131.

NOTE C - INVESTMENTS

The Foundation invested $3,000,000 in limited partnerships that were valued at $3,291,465 as of December 31, 2018.

Net investment income is reported in the statement of activities and consists of net unrealized gains on investments of $18,699, and interest and other investment income of $2,396.

NOTE D - FAIR VALUE MEASUREMENTS

Limited partnership interests measured at net asset value ("NAV") totaled $3,291,465. The Foundation's investments are measured at fair value using the NAV per share (or its equivalent) as a practical expedient and therefore are not classified in the fair value hierarchy.

Information regarding the nature and risk of certain investments reported at NAV as of December 31, 2018 is as follows:

Investment	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited Partnerships:				
Floating Rate Funds (a)	$ 2,201,197	$ -	Monthly	45 Days
Credit Opportunities Fund (b)	1,090,268	-	Quarterly	60 Days

(a) Floating rate fund invests primarily in senior secured and second lien bank loans and bonds.
(b) Credit Opportunities Fund investments primarily in corporate credit related assets.

NOTE E - TRANSACTION WITH RELATED PARTIES

Certain directors and officers of the Foundation are officers and employees of Stone Point Capital LLC ("SPC"). Additionally, SPC provides several services at no cost to the Foundation, which includes accounting and communications. The estimated value of these services amounted to $40,000 which was recorded as both an in-kind contribution and accounting and administrative services expense in the statement of activities. In 2018, donations from the Charles A. and Marna Davis Foundation of $340,000 and from SPC covered all administrative costs of the Foundation, so that 100% of donations received from others are available to fund program services. As of December 31, 2018, the Foundation had a liability to SPC of $1,061.

NOTE F - GRANTS PAYABLE

Grants payable are recognized in the accompanying financial statements at the time of Foundation approval. The Foundation's grants payable at December 31, 2018 are payable as follows:

Less than one year	$ 701,491
One to five years	61,000
Total grants payable	$ 762,491

NOTE F - GRANTS PAYABLE (CONTINUED)

The amount of the discount to net present value of the grants payable in more than one year was immaterial to the financial statements. For the year ended December 31, 2018 the Foundation approved $600,000 of new grants, paid grants of $726,597, and terminated grants totaling $251,587.

NOTE G - PROGRAM COSTS

The Foundation sponsors events to help facilitate communication within the fibrolamellar community. Such events included a patients' gathering. Program costs totaled $25,927 in 2018.

NOTE H - LIQUIDITY AND AVAILABILITY OF RESOURCES

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

Cash and cash equivalents	$ 1,629,859
Investments	3,291,465
Other receivables	44,007
Total financial assets, at year end	$ 4,965,331

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of short-term requirements.

NOTE I - FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Compensation, outside services and miscellaneous expenses are based on actual time or cost associated with the account.