

**EISNERAMPER**

**THE FIBROLAMELLAR CANCER  
FOUNDATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**



# THE FIBROLAMELLAR CANCER FOUNDATION

## Contents

|                                                                       | <b><u>Page</u></b> |
|-----------------------------------------------------------------------|--------------------|
| <b>Independent Auditors' Report</b>                                   | 1                  |
| <b>Financial Statements</b>                                           |                    |
| Statement of financial position as of December 31, 2019               | 2                  |
| Statement of activities for the year ended December 31, 2019          | 3                  |
| Statement of functional expenses for the year ended December 31, 2019 | 4                  |
| Statement of cash flows for the year ended December 31, 2019          | 5                  |
| Notes to financial statements                                         | 6                  |

## 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, 2019, 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, 2019, 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  
Iselin, New Jersey  
November 13, 2020



# THE FIBROLAMELLAR CANCER FOUNDATION

## Statement of Financial Position December 31, 2019

### ASSETS

|                           |                     |
|---------------------------|---------------------|
| Cash and cash equivalents | \$ 1,496,678        |
| Investments               | 3,376,411           |
| Prepaid expenses          | 33,542              |
| Other receivables         | 109,595             |
| Equipment, net            | <u>3,003</u>        |
| Total assets              | <u>\$ 5,019,229</u> |

### LIABILITIES

|                                       |                |
|---------------------------------------|----------------|
| Accounts payable and accrued expenses | \$ 167,798     |
| Due to related party                  | 1,220          |
| Grants payable                        | <u>575,051</u> |
| Total liabilities                     | <u>744,069</u> |

Contingency and other uncertainty (see Note J)

### NET ASSETS

|                                  |                     |
|----------------------------------|---------------------|
| Without donor restriction        | <u>4,275,160</u>    |
| Total liabilities and net assets | <u>\$ 5,019,229</u> |

# THE FIBROLAMELLAR CANCER FOUNDATION

## Statement of Activities Year Ended December 31, 2019

### Revenues:

|                        |                  |
|------------------------|------------------|
| Contributions          | \$ 1,802,375     |
| Golf outing            | 122,950          |
| Investment income, net | 91,993           |
| In-kind contributions  | 47,200           |
|                        | <hr/>            |
| Total revenues         | <b>2,064,518</b> |

### Expenses:

|                                                 |                  |
|-------------------------------------------------|------------------|
| Grants for research                             | 906,962          |
| Compensation                                    | 453,223          |
| Golf outing - costs of direct benefit to donors | 160,061          |
| Outside services                                | 141,752          |
| Program - venue cost                            | 82,113           |
| Program - travel cost                           | 52,446           |
| Research                                        | 69,567           |
| Accounting and administrative services          | 47,200           |
| Miscellaneous                                   | 44,688           |
|                                                 | <hr/>            |
| Total expenses                                  | <b>1,958,012</b> |

### Change in net assets without donor restriction

106,506

Net assets without donor restriction, beginning of year

**4,168,654**

**Net assets without donor restriction, end of year**

**\$ 4,275,160**

# THE FIBROLAMELLAR CANCER FOUNDATION

## Statement of Functional Expenses Year Ended December 31, 2019

|                                                 | <b>Program<br/>Services</b>       | <b>Supporting Services</b>        |                          | <b>Total</b>               |
|-------------------------------------------------|-----------------------------------|-----------------------------------|--------------------------|----------------------------|
|                                                 | <b>Awareness and<br/>Research</b> | <b>Management<br/>and General</b> | <b>Fundraising</b>       |                            |
| Grants for research                             | \$ 906,962                        | \$ -                              | \$ -                     | \$ 906,962                 |
| Compensation                                    | 179,122                           | 274,101                           | -                        | 453,223                    |
| Golf outing - costs of direct benefit to donors | -                                 | -                                 | 160,061                  | 160,061                    |
| Outside services                                | 122,752                           | 19,000                            | -                        | 141,752                    |
| Program - venue cost                            | 82,113                            | -                                 | -                        | 82,113                     |
| Program - travel cost                           | 52,446                            | -                                 | -                        | 52,446                     |
| Research                                        | 69,567                            | -                                 | -                        | 69,567                     |
| Accounting and administrative services          | -                                 | 47,200                            | -                        | 47,200                     |
| Miscellaneous                                   | 1,968                             | 31,398                            | 11,322                   | 44,688                     |
|                                                 | <b><u>\$ 1,414,930</u></b>        | <b><u>\$ 371,699</u></b>          | <b><u>\$ 171,383</u></b> | <b><u>\$ 1,958,012</u></b> |

See accompanying notes to financial statements.

# THE FIBROLAMELLAR CANCER FOUNDATION

## Statement of Cash Flows Year Ended December 31, 2019

### Cash flows from operating activities:

|                                                                                         |                                   |
|-----------------------------------------------------------------------------------------|-----------------------------------|
| Change in net assets                                                                    | \$ 106,506                        |
| Adjustments to reconcile change in net assets to net cash used in operating activities: |                                   |
| Depreciation expense                                                                    | 783                               |
| Unrealized gain on investments                                                          | (84,946)                          |
| Changes in:                                                                             |                                   |
| Other receivables                                                                       | (65,588)                          |
| Prepaid expenses                                                                        | (33,542)                          |
| Accounts payable and accrued expenses                                                   | 130,887                           |
| Due to/from related party                                                               | 159                               |
| Grants payable                                                                          | <u>(187,440)</u>                  |
| Net cash used in operating activities                                                   | <u>(133,181)</u>                  |
| <b>Net change in cash and cash equivalents</b>                                          | <b>(133,181)</b>                  |
| Cash and cash equivalents, beginning of year                                            | <u>1,629,859</u>                  |
| <b>Cash and cash equivalents, end of year</b>                                           | <b><u><u>\$ 1,496,678</u></u></b> |

# THE FIBROLAMELLAR CANCER FOUNDATION

## Notes to Financial Statements December 31, 2019

### 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, 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 restriction 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 restriction include all resources that are not subject to donor-imposed restrictions. At December 31, 2019, there were no net assets with donor restriction.

#### [3] 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.

#### [4] Cash and cash equivalents:

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

#### [5] 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 on 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.



# THE FIBROLAMELLAR CANCER FOUNDATION

## Notes to Financial Statements December 31, 2019

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

#### [5] Investments: (continued)

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 gains and losses and the change in unrealized gains and losses resulting from changes in fair value are reflected in investment income reported on 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.

#### [6] 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.

#### [7] 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.

Conditional contributions or promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. There were no conditional contributions or promises to give as of December 31, 2019.

In 2019, the Foundation's golf outing generated revenue of \$1,054,650, of which \$122,950 was reported as golf outing revenue and the remaining reported as contributions. Related expenses of the golf outing totaled \$160,061.

#### [8] 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, 2019, 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, 2019.

# THE FIBROLAMELLAR CANCER FOUNDATION

## Notes to Financial Statements December 31, 2019

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

#### [9] 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.

#### [10] Adoption of new accounting pronouncement:

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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. The ASU is effective for annual periods beginning after December 15, 2018 for resource recipients, and after December 15, 2019 for resource providers, with early adoption permissible. As a resource recipient, the Foundation adopted a portion of this guidance effective January 1, 2019, with no impact to its financial statements. As a resource provider, the Foundation will adopt the remaining guidance effective January 1, 2020. The Foundation is currently evaluating the impact of this ASU.

#### [11] Upcoming accounting pronouncements:

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The objective of ASU 2014-09, along with its subsequent amendment, is to align the recognition of revenue with the transfer of promised goods or services provided to customers in an amount that reflects consideration which the entity expects to be entitled in exchange for those goods or services. In June 2020, the FASB issued ASU No. 2020-05, *Revenue from Contract with Customers (Topic 606), and Leases (Topic 842), Effective Dates for Certain Entities*. This ASU permits private companies and not-for-profit organizations that have not yet applied the revenue recognition standard to do so for annual reporting periods beginning after December 15, 2019.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The objective of ASU 2020-07, along with its subsequent amendment, is to increase transparency of contributed nonfinancial assets for not-for-profit entities through enhancements in presentation and disclosure requirements. Not-for-profit entities will now be required to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial contributions. Not-for-profit entities will also be required to disclose various information related to contributed nonfinancial assets. The amendment in this update should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. 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 November 13, 2020, which was the date the financial statements were available to be issued.

# THE FIBROLAMELLAR CANCER FOUNDATION

## Notes to Financial Statements December 31, 2019

### NOTE B - EQUIPMENT

Equipment at December 31, 2019 consists of the following:

|                                |                 |
|--------------------------------|-----------------|
| Equipment                      | \$ 3,917        |
| Less: accumulated depreciation | <u>(914)</u>    |
| Total                          | <u>\$ 3,003</u> |

Depreciation expense for the year ended December 31, 2019 was \$783.

### NOTE C - INVESTMENTS

The Foundation invested \$3,000,000 in limited partnerships that were valued at \$3,376,411 as of December 31, 2019.

Net investment income is reported in the statement of activities and consists of net unrealized gains on investments of \$84,946 and interest and other investment income of \$7,047.

### NOTE D - FAIR VALUE MEASUREMENTS

Limited partnership interests measured at net asset value ("NAV") totaled \$3,376,411. 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, 2019 is as follows:

| <u>Investment</u>             | <u>Fair Value</u> | <u>Unfunded Commitments</u> | <u>Redemption Frequency</u> | <u>Redemption Notice Period</u> |
|-------------------------------|-------------------|-----------------------------|-----------------------------|---------------------------------|
| Limited partnerships:         |                   |                             |                             |                                 |
| Floating rate funds (a)       | \$ 2,295,017      | \$ -                        | Monthly                     | 45 Days                         |
| Credit Opportunities Fund (b) | 1,081,394         | -                           | Quarterly                   | 60 Days                         |

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

### NOTE E - TRANSACTIONS 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 include accounting and communications. The estimated value of these services amounted to \$47,200, which was recorded as both an in-kind contribution and accounting and administrative services expense in the statement of activities. In 2019, 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 were available to fund program services. As of December 31, 2019, the Foundation had a liability to SPC of \$1,220.

# THE FIBROLAMELLAR CANCER FOUNDATION

## Notes to Financial Statements December 31, 2019

### 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, 2019 of \$575,051 are payable within one year. For the year ended December 31, 2019, the Foundation approved \$913,395 of new grants, paid grants of \$1,094,402 and terminated grants totaling \$6,433.

### NOTE G - PROGRAM COSTS

The Foundation sponsors events to help facilitate communication within the fibrolamellar community. Such events include a Patients' Gathering and Doctors' Summit. Travel expenses incurred for these events totaled \$52,446 and venue costs related to the Doctors' Summit totaled \$82,113 in 2019.

### 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           | \$ 1,496,678        |
| Investments                         | 3,376,411           |
| Other receivables                   | <u>109,595</u>      |
| Total financial assets, at year end | <u>\$ 4,982,684</u> |

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.

### NOTE J - CONTINGENCY AND OTHER UNCERTAINTY

The extent of the impact of the coronavirus ("COVID-19") outbreak on the financial performance of the Foundation's investments will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions and the impact of COVID-19 on the financial markets and the overall economy, all of which are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the Foundation's investment results may be materially adversely affected. The Foundation is unable to quantify the potential impact of COVID-19 on its operations at this time.