

THE FIBROLAMELLAR CANCER
FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2023

THE FIBROLAMELLAR CANCER FOUNDATION

Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements	
Statement of Financial Position as of December 31, 2023	3
Statement of Activities for the year ended December 31, 2023	4
Statement of Functional Expenses for the year ended December 31, 2023	5
Statement of Cash Flows for the year ended December 31, 2023	6
Notes to Financial Statements	7 - 11

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Fibrolamellar Cancer Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Fibrolamellar Cancer Foundation (the "Foundation"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

EisnerAmper LLP

EISNERAMPER LLP
Iselin, New Jersey
November 26, 2024



THE FIBROLAMELLAR CANCER FOUNDATION

Statement of Financial Position December 31, 2023

ASSETS

Cash and cash equivalents	\$	7,851,795
Investments		2,607,354
Contributions receivable		25,000
Prepaid expenses		15,456
		<hr/>
Total assets	\$	<u>10,499,605</u>

LIABILITIES

Accounts payable and accrued expenses	\$	220,748
Due to related party		77,636
Grants payable		3,799,462
		<hr/>
Total liabilities		<u>4,097,846</u>

NET ASSETS

Without donor restrictions		<u>6,401,759</u>
		<hr/>
Total net assets		<u>6,401,759</u>
		<hr/>
Total liabilities and net assets	\$	<u>10,499,605</u>

THE FIBROLAMELLAR CANCER FOUNDATION

Statement of Activities Year Ended December 31, 2023

Revenues:

Contributions	\$ 2,241,100
Special event	261,096
Less: direct benefit to donors	(261,096)
Investment gain, net	<u>372,197</u>
 Total revenues	 <u>2,613,297</u>

Expenses:

Grants for research	4,235,649
Compensation	751,052
Outside services	158,894
Program – venue cost	132,980
Program – travel cost	58,306
Research	62,151
Accounting and administrative services	35,150
Information technology	27,960
Miscellaneous	<u>86,008</u>
 Total expenses	 <u>5,548,150</u>

Change in net assets without donor restrictions	(2,934,853)
Net assets without donor restrictions, beginning of year	9,273,502
Services received from personnel of an affiliate	<u>63,110</u>
 Net assets without donor restrictions, end of year	 <u>\$ 6,401,759</u>

THE FIBROLAMELLAR CANCER FOUNDATION

Statement of Functional Expenses Year Ended December 31, 2023

	Program Services	Supporting Services		Total
	Awareness and Research	Management and General	Fundraising	
Grants for research	\$ 4,235,649	\$ -	\$ -	\$ 4,235,649
Compensation	302,172	348,361	100,519	751,052
Special event – meals and golf fees	-	-	261,096	261,096
Outside services	131,143	27,751	-	158,894
Program – venue cost	132,980	-	-	132,980
Program – travel cost	58,306	-	-	58,306
Research	62,151	-	-	62,151
Accounting and administrative services	-	35,150	-	35,150
Information technology	-	27,960	-	27,960
Miscellaneous	11,516	57,657	16,835	86,008
	<u>4,933,917</u>	<u>496,879</u>	<u>378,450</u>	<u>5,809,246</u>
Total expense by function	4,933,917	496,879	378,450	5,809,246
Less: expense included in the revenue section on the statement of activities:				
Cost of direct benefit to donors	-	-	(261,096)	(261,096)
	<u>-</u>	<u>-</u>	<u>(261,096)</u>	<u>(261,096)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 4,933,917</u>	<u>\$ 496,879</u>	<u>\$ 117,354</u>	<u>\$ 5,548,150</u>

See accompanying notes to financial statements.

THE FIBROLAMELLAR CANCER FOUNDATION

Statement of Cash Flows Year Ended December 31, 2023

Cash flows from operating activities:

Change in net assets	\$ (2,934,853)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation expense	653
Unrealized loss on investments	407,248
Realized gain on investments	(580,370)
Services received from personnel of an affiliate	63,110
Changes in:	
Contributions receivables	55,900
Prepaid expenses	(15,456)
Accounts payable and accrued expenses	73,877
Due to/from related party	75,829
Grants payable	<u>2,240,219</u>
Net cash used in operating activities	<u>(613,843)</u>

Cash flows from investing activities:

Sale of investments	<u>3,535,138</u>
Net cash provided by investing activities	<u>3,535,138</u>

Net change in cash and cash equivalents

Cash and cash equivalents, beginning of year	<u>4,930,500</u>
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Cash and cash equivalents, end of year

\$ <u><u>7,851,795</u></u>

THE FIBROLAMELLAR CANCER FOUNDATION

Notes to Financial Statements December 31, 2023

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 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:

These financial statements, which are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), have been prepared to focus on the Foundation as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

(i) *Net assets without donor restrictions:*

Net assets available for use in general operations and not subject to donor-imposed stipulations.

(ii) *Net assets with donor restrictions:*

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity by the Foundation. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as revenue without donor restrictions.

Revenue is reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulation or by law. Expirations of time or purpose restrictions on net assets are reported as net assets released from restrictions.

[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.

THE FIBROLAMELLAR CANCER FOUNDATION

Notes to Financial Statements December 31, 2023

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

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

[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 as incurred. The cost basis of equipment is approximately \$3,900 and, as of December 31, 2023, all equipment has been fully depreciated.

[7] Revenue recognition:

The Foundation receives support in the form of contributions from corporations, foundations and individuals. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Contributions of assets other than cash are recorded at fair value at the date of donation. Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Conditional 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.

The Foundation records special events revenue equal to the cost of direct benefits to donors, and contribution revenue (difference between the cash receipt and the direct benefit), which is included in special events in the statement of activities. The recognition of revenue is conditional on the event taking place, as this is the point in time when the performance obligation of hosting the event occurs, and attendees can no longer request a refund for their tickets purchased.

As of December 31, 2023, the Foundation's golf outing generated revenue of \$1,260,810, of which \$261,096 was reported as special event revenue and the remaining amount was reported in contribution revenue. Related expenses of the golf outing totaled \$261,096. As of December 31, 2023, contribution receivable of \$25,000 was reported in the statement of activities for amounts due from the special event, and no amounts were reserved for.

THE FIBROLAMELLAR CANCER FOUNDATION

Notes to Financial Statements December 31, 2023

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

[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, 2023, there are no uncertain positions taken or expected to be taken that would require the recognition of a liability or disclosure in these 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, 2023.

[9] Services received from personnel of an affiliate:

Employees of Stone Point Capital LLC ("SPC") contribute significant amounts of time to the Foundation's general and administrative services. These services are considered to be services received from personnel of an affiliate and are recorded as net asset transfers in the statement of activities and as accounting and administrative services and information technology in the statement of functional expenses.

[10] 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.

[11] Subsequent events:

The Foundation evaluated events through November 26, 2024, which is the date the financial statements were available to be issued.

NOTE B - INVESTMENTS

The Foundation invested \$2,200,000 in limited partnership credit funds that were valued at \$2,607,354 as of December 31, 2023.

Net investment income is reported in the statement of activities and consists of net realized gain on investments of \$580,370, unrealized loss on investments of \$407,248, and interest and other investment income of \$199,075.

THE FIBROLAMELLAR CANCER FOUNDATION

Notes to Financial Statements December 31, 2023

NOTE C - FAIR VALUE MEASUREMENTS

Limited partnership interests measured at net asset value ("NAV") totaled \$2,607,354. 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, 2023 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)	\$ 681,685	\$ -	Monthly	45 days
Credit Opportunities Fund (b)	1,925,669	-	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 D - TRANSACTION WITH RELATED PARTIES

Certain directors and officers of the Foundation are officers and employees of SPC. Additionally, SPC provides several services at no cost to the Foundation, which include accounting and information technology. The estimated value of these services amounted to \$63,110, which was recorded as both services provided from personnel of an affiliate and accounting and administrative services and information technology expense in the statement of activities. In 2023, donations from the Charles A. and Marna Davis Foundation of \$370,000 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, 2023, the Foundation had a liability to SPC of \$77,636.

NOTE E - 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, 2023 are payable as follows:

Less than one year	\$ 2,635,008
One to five years	<u>1,164,454</u>
Total grants payable	<u>\$ 3,799,462</u>

The amount of the discount to net present value of the grants payable in more than one year was immaterial to these financial statements. For the year ended December 31, 2023, the Foundation approved \$4,235,649 of new grants, and paid grants of \$1,995,430.

Conditional grants and promises to give are not recorded as expenses until the condition on which they depend have been met. A grant is deemed to be conditional if it includes one or more measurable barriers and a right of return or forfeiture. As of December 31, 2023, grants conditioned on meeting proof of concept stipulated in the grant agreement totaled \$1,772,497.

THE FIBROLAMELLAR CANCER FOUNDATION

Notes to Financial Statements December 31, 2023

NOTE F - 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 and venue costs incurred for these events totaled \$58,306 and \$132,980, respectively, in 2023.

NOTE G - 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	\$ 7,851,795
Investments	2,607,354
Contributions receivable	<u>25,000</u>
Total financial assets available to meet cash needs for general expenditure within one year	<u>\$ 10,484,149</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.