CANCER RESEARCH AND TREATMENT FUND, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

CANCER RESEARCH AND TREATMENT FUND, INC.

FINANCIAL STATEMENTS

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To the Board of Directors
Cancer Research and Treatment Fund, Inc.

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of **Cancer Research and Treatment Fund, Inc.** which comprise the balance sheet as of December 31, 2017 and the related statement of activities and changes in net assets, 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 auditors' 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.

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CERTIFIED PUBLIC ACCOUNTANTS

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Cancer Research and Treatment Fund, Inc.** at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2017 supplementary information presented on page 13 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 audits 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.

Other Matter

The December 31, 2016 financial statements and supplementary information were audited by other auditors. That auditor issued an unmodified opinion on those financial statements dated July 20, 2017, but they have not performed any auditing procedures since that date. In our opinion, the information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from it has been derived.

Sassetti LLC

Oak Park, Illinois
July 31, 2018

CANCER RESEARCH AND TREATMENT FUND, INC.

BALANCE SHEETS

DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 509,307	$ 838,497
Investments, at fair value	11,203,592	9,755,080
Prepaid expenses and other assets	11,432	13,449
Total Current Assets	11,724,331	10,607,026
Property and equipment, net	-	522
Restricted cash	13,529	113,515
TOTAL ASSETS	$ 11,737,860	$ 10,721,063
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 2,784	$ 1,447
Accrued expenses	37,780	28,780
Total Current Liabilities	40,564	30,227
NET ASSETS		
Unrestricted - general	373,144	351,063
Unrestricted - board designated	11,310,706	10,226,340
Temporarily restricted	13,446	113,433
Total Net Assets	11,697,296	10,690,836
TOTAL LIABILITIES AND NET ASSETS	$ 11,737,860	$ 10,721,063

The accompanying notes are an integral part of the financial statements.

CANCER RESEARCH AND TREATMENT FUND, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2017, WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016

	2017				
	Unrestricted	Unrestricted - Board Designated	Temporarily Restricted	Total	2016 Total
INCOME AND OTHER SUPPORT					
Contributions	$ 451,908	$ -	$ -	$ 451,908	$ 467,675
Fundraising income	367,275	-	-	367,275	415,245
Program revenue	83,317	-	-	83,317	-
Investment income, net of fees	-	242,830	13	242,843	72,041
Unrealized and realized gains	-	1,258,036	-	1,258,036	159,554
Net assets released from restrictions	100,000	-	(100,000)	-	-
Total Income and Other Support	1,002,500	1,500,866	(99,987)	2,403,379	1,114,515
EXPENSES					
Program	1,102,826	-	-	1,102,826	959,800
Fundraising	239,854	-	-	239,854	243,734
General and administrative	54,239	-	-	54,239	53,083
Total Expenses	1,396,919	-	-	1,396,919	1,256,617
CHANGE IN NET ASSETS	(394,419)	1,500,866	(99,987)	1,006,460	(142,102)
TRANSFERS	416,500	(416,500)	-	-	-
NET ASSETS					
Beginning of year	351,063	10,226,340	113,433	10,690,836	10,832,938
End of of year	$ 373,144	$ 11,310,706	$ 13,446	$ 11,697,296	$ 10,690,836

The accompanying notes are an integral part
of the financial statements.

CANCER RESEARCH AND TREATMENT FUND, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 1,006,460	$ (142,102)
Adjustments to reconcile net income (loss) to net cash used in operating activities -		
Unrealized and realized gains on investments	(1,258,036)	(159,554)
Depreciation	522	96
(Increase) decrease in:		
Pledges receivable	-	47,461
Prepaid expenses and other assets	2,017	(4,307)
Increase (decrease) in:		
Accounts payable	1,337	(326)
Accrued expenses	9,000	(23,475)
Net Cash Used in Operating Activities	(238,700)	(282,207)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturity of investments	1,684,700	2,364,701
Purchase of investments	(1,875,176)	(2,054,170)
Net Cash (Used in) Provided by Investing Activities	(190,476)	310,531
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(429,176)	28,324
CASH AND CASH EQUIVALENTS:		
Beginning of year	952,012	923,688
End of year	$ 522,836	$ 952,012
SUMMARY OF CASH AND CASH EQUIVALENTS		
Unrestricted	$ 509,307	$ 838,497
Restricted	13,529	113,515
	$ 522,836	$ 952,012

The accompanying notes are an integral part
of the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – Cancer Research and Treatment Fund, Inc. ("the Organization") is a not-for-profit organization founded to fund cancer research and treatment, emphasizing myeloproliferative neoplasms and other common blood and solid tumor cancers. Funding is granted to individuals for research in connection with cancer related disorders. Revenue and support for the Organization are primarily from the general public.

Basis of Accounting - The accompanying financial statements are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when incurred. As required by the general accounting principles for Not-for-Profit accounting, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets - Funds currently available at the discretion of the Board for use in the Organization's activities. Board designated amounts represent unrestricted funds reserved by the Board for projects to be funded or determined in the future.

Temporarily Restricted Net Assets - Funds restricted by donor-imposed stipulation that either expire by passage of time or can be fulfilled and removed pursuant to those stipulations.

Permanently Restricted Net Assets - Funds which are restricted by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Board.

There were no permanently restricted net assets at December 31, 2017 and 2016.

Cash Flow Information – For purposes of the Statements of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. No cash was paid for income taxes or interest during the years ended December 31, 2017 and 2016.

Revenue Recognition – Contributions received are recorded as permanently restricted, temporarily restricted, or unrestricted revenue, depending on the existence or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the contribution as unrestricted.

Event revenue is recognized when the particular event occurs.

Estimates – The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which required management to make estimated 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Investments – Investments are carried at fair value. The fair value of other investments has been estimated using the Net Asset Value ("NAV") as reported by the management of the respective other investment funds.

Interest and dividends are recorded when earned. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of income.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and Equipment – Property and equipment are stated at cost. Expenditures for major additions and improvements above $5,000 are capitalized, while minor repairs and maintenance are charged to expense as incurred. Depreciation is based on the estimated useful lives of depreciable assets and is provided using the straight-line method. When property is disposed, the asset and the accumulated depreciation are removed from the accounts. Any resulting gain or loss is reflecting in operations in the period incurred.

Donated Services – Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. Volunteer hours received by the Organization are not recognized in the financial statements because they did not meet the criteria for recognition under U.S. GAAP, which states that in order to record the value of services, the services must either (a) create or enhance non-financial assets, or (b) the service must require specialized skills.

Tax-Exempt Status – The Organization is a not-for-profit institution exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. Accordingly, no provisions for income taxes have been provided in the accompanying financial statements.

The Organization follows U.S. GAAP guidance on *Accounting for Uncertainty in Income Taxes*. This topic provides guidance on the recognition, measurement, classification and disclosures related to uncertain tax positions, along with any interest and penalties. The Organization continually evaluates the possible existence of uncertain tax positions. The federal and state tax returns of the Organization are subject to examination, generally for three years after filing.

Reclassifications – Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or net assets.

Recent Accounting Pronouncements - The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, in August 2016. This standard requires changes to the financial statement presentation of not-for-profit entities, including changing from three net asset classes to two classes: net assets with donor restrictions and net assets without donor restrictions. The ASU will require changes in the way certain information is disclosed by the Organization, including quantitative and qualitative disclosures about liquidity and the Organization's ability to meet cash needs for general expenditures within one year of the balance sheet. The new standard is effective for the Organization's year ending December 31, 2018 and thereafter, with retroactive application.

FASB issued ASU No. 2016-02, Leases (Topic 842) in February 2016, which will supersede the current lease recording requirements in Topic 842. The ASU looks to increase transparency and comparability by conforming US GAAP with International Accounting Standards as it relates to leases. The new standard will require, among other things, that all leases, including operating leases, be included on the balance sheet as a "right of use" asset with an offsetting liability for the payments remaining on the lease. The new guidance will be effective for the Organization's year ending December 31, 2020, with early application permitted.

The Organization is currently evaluating the impact these standards will have on its financial statements.

Subsequent Events – The Company has evaluated subsequent events through July 31, 2018, the date that the financial statements were available to be issued.

2. CONCENTRATIONS

The Organization maintains cash balances in financial institutions. The balances are insured by the Federal Deposit Insurance Corporation. The Organization's bank balances may at times exceed insurable limits. The Organization has not experienced any losses in such accounts and as a result believes it is not exposed to any significant financial risk.

The Organization maintains an investment portfolio that contains non-traditional, not readily marketable investments, including non-equity correlated and hedge equities. The underlying investments of such funds, whether invested in stock or other securities, are generally not currently traded in a public market and typically are subject to restrictions on resale. Values determined by managers or general managers of underlying securities may be based on ongoing operational due diligence and risk monitoring of underlying investment funds. At December 31, 2017 and 2016, the Organization invested in two individual funds that comprised of 51% and 54% of total investments, respectively.

3. INVESTMENTS

Investments consist of the following at December 31:

	2017		
	Cost	Fair Value	Unrealized Gain (Loss)
U.S. government securities	$ 673,951	$ 670,995	$ (2,956)
Municipal bonds	2,657	2,588	(69)
Equity securities	3,087,604	4,801,574	1,713,970
Non-equity correlated	2,271,605	3,048,765	777,160
Hedged equities	1,542,893	2,679,670	1,136,777
Total	$ 7,578,710	$ 11,203,592	$ 3,624,882

	2016		
	Cost	Fair Value	Unrealized Gain (Loss)
U.S. government securities	$ 749,217	$ 748,093	$ (1,124)
Municipal bonds	2,614	2,557	(57)
Equity securities	2,831,150	3,784,636	953,486
Non-equity correlated	2,271,605	2,903,835	632,230
Hedged equities	1,542,893	2,315,959	773,066
Total	$ 7,397,479	$ 9,755,080	$ 2,357,601

4. FAIR VALUE MEASUREMENTS

FASB ASC Topic 820, Fair Value Measurements and Disclosures, provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value focuses on the price that would be received to sell the asset or paid to transfer the liability regardless of whether an observable liquid market price existed (an exit price). An exit price valuation will include margins for risk even if they are not observable. As the Company is released from risk, the margins for risk will

5. FAIR VALUE MEASUREMENTS - CONTINUED

also be released through net realized gains (losses) in net income (loss). The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Valuation is based upon quoted prices in active markets for identical assets.

Level 2 – Valuation based on inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or dissimilar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data fur substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity, and that are significant to the fair value of the assets or liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There are no changes in the valuation of methodologies used at December 31, 2017 and 2016.

Fair values for marketable securities are determined by reference to quoted market prices and other relevant information generated by market transactions.

Fair values of assets measured on a recurring basis were as follows:

	Fair Value Measurements at December 31, 2017			
	Level 1	Level 2	Level 3	Total
U.S. government securities	$ 670,995			$ 670,995
Municipal bonds	2,588	-	-	2,588
Equity securities	4,801,574	-	-	4,801,574
	$ 5,475,157	$ -	$ -	5,475,157
Other investments:				
Non-equity correlated [(a)]				3,048,765
Hedged equities [(a)]				2,679,670
Total investments, at fair value				$ 11,203,592

5. FAIR VALUE MEASUREMENTS - CONTINUED

	Fair Value Measurements at December 31, 2016			
	Level 1	Level 2	Level 3	Total
U.S. government securities	$ 748,093	$ -	$ -	$ 748,093
Municipal bonds	2,557	-	-	2,557
Equity securities	3,784,636	-	-	3,784,636
	$ 4,535,286	$ -	$ -	4,535,286
Other investments:				
Non-equity correlated [(a)]				2,903,835
Hedged equities [(a)]				2,315,959
Total investments, at fair value				$ 9,755,080

(a) In accordance with current accounting standards, certain investments that are measured at fair value using the NAV per share “Practical Expedient” have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The following table below summarizes liquidity arrangements for investments valued at NAV using the “Practical Expedient” at December 31:

	2017	2016	Redemption Frequency (if currently eligible)	Redemption Notice Period
Non-equity correlated	$ 3,048,765	$ 2,903,835	Annually	25 - 180 days
Hedged equities	$ 2,679,670	$ 2,315,959	Annually	30 - 90 days

Non-equity correlated and hedged equities employ a variety of investment strategies with varying net/gross exposure levels. The fair values of the investment in this category are those reported by the fund administrator at December 31, 2017. Liquidity terms vary by fund, with certain funds offering flexible terms. The investment strategies are summarized as follows:

- Credit Strategies employ an investment process focused on identifying corporate credit instruments that are either undervalued or overvalued to their fair value. Managers typically employ a fundamentally-oriented investment process to identify mispriced credit instruments.
- Distressed Debt Strategies employ an investment process focused on identifying corporate credit instruments trading at significant discounts to their fair value. Managers are typically actively involved with these companies, often through participation in creditors’ committees or other restructuring decisions.
- Event Driven Strategies relate to situations in which the underlying investment opportunity and risk is associated with an event. An Event Driven investment strategy finds investment opportunities in transactional events including but not limited to mergers, restructurings, financial distress, tender offers, shareholder buybacks, security issuance or other capital structure adjustments.
- Macro Investment Strategies take position in share, bond or currency markets in anticipation of global macroeconomic events in order to generate a risk-adjusted return. Macro fund managers use macroeconomic analysis based on global market events and trends to identify opportunities for investment that would profit from anticipated price movements.

5. FAIR VALUE MEASUREMENTS - CONTINUED

- Market Neutral Strategies exhibit zero correlation with an unwanted source of risk.
- Long/Short Equity Strategies involve buying long equities that are expected to increase in value and selling short equities that are expected to decrease in value.
- Multi-Strategy Funds engagement in variety of investment strategies, including but not limited to long/short equity, market neutral, event driven and global macro.

6. PROPERTY AND EQUIPMENT

Major classifications of property and equipment, and their respective useful lives, are as follows at December 31:

	2017	2016	Estimated Useful Lives
Webpage	$ 42,000	$ 42,000	3 - 7 years
Leasehold improvements	19,201	19,201	39 years
Computer	16,573	16,573	5 years
Furniture	6,806	6,806	7 years
Equipment	2,351	2,351	5 - 7 years
	86,931	86,931	
Less: accumulated depreciation	(86,931)	(86,409)	
	$ -	$ 522	

Depreciation expense for the years ended December 31, 2017 and 2016 was $522 and $96, respectively.

7. TEMPORARILY RESTRICTED PROGRAMS

Certain programs carried on by the Organization are funded by third party contributions and grants from pharmaceutical companies which are earmarked towards specific research programs presently being conducted, as well as programs to begin in the future. The use of these funds is temporarily restricted to the designated programs for which the revenue was received. The balance in this fund at December 31, 2017 and 2016 is $13,529 and $113,515, respectively, and represents donations for neurological research in brain and prostate cancer research.

8. LEASE

The Organization leases its facilities in New York, New York from an independent party, which expires on January 31, 2020. Rent paid for this facility totaled $37,492 and $37,574 for the years ended December 31, 2017 and 2016.

Future minimum lease payments under operating leases are as follows for the year ended December 31:

2018	$ 40,580
2019	40,832
2020	3,403

9. COMMITMENTS AND CONTINGENCIES

The Organization made an initial pledge of $3,700,000 in 2011 to the Weill Cornell Medical College (the “College”) for the purpose of creating the Richard T. Silver, M.D. Myeloproliferative Neoplasm Center (the “Silver MPN Center”). The pledge was subsequently modified, increasing the total pledge to $5,200,000. As of December 31, 2017 and 2016, the remaining unpaid pledge amounted to $1,034,000 and $1,367,000, respectively.

The pledged amounts remaining as of December 31, 2017 are to be paid as follows:

- A gift of $334,000, payable in installments of $167,000 in July 2018 and December 2018, 90% of which to the Scientific Director of Silver MPN Center in their laboratory research, and the remaining 10% to the Director of Silver MPN Center for administration.
- A gift of $700,000, payable in two annual installments, commencing upon the hiring of a Clinical Director of the Silver MPN Center.

The amounts and timing of these gifts are also subject to the terms and conditions stated in the pledge agreements.

The remaining gifts will be recorded as amounts are determined and approved annually by the Organization’s Board.

10. MAJOR CONTRIBUTORS

For the year ended December 31, 2017, four gifts totaling $378,049 comprised approximately 84% of total contributions. These gifts have no restrictions on their use.

For the year ended December 31, 2016, three gifts totaling $320,000 comprised approximately 67% of total contributions. These gifts have no restrictions on their use.

SUPPLEMENTARY INFORMATION

CANCER RESEARCH AND TREATMENT FUND, INC.

SCHEDULES OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017, WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016

	2017				
	Program Services	Fundraising	Management and General	Total	2016 Total
Payroll and related expenses					
Salaries	$ 34,989	$ 44,985	$ 19,993	$ 99,967	$ 100,000
Payroll taxes and related costs	3,216	4,135	1,838	9,189	16,264
	38,205	49,120	21,831	109,156	116,264
Grants					
Grants for the Silver MPN Center	833,000	-	-	833,000	833,000
Grants for prostate cancer research	100,000	-	-	100,000	-
Grants for other solid tumor or blood cancer research	28,785	-	-	28,785	23,923
Grants for research support	5,579	-	-	5,579	9,981
MPN Patient Symposium	40,540	-	-	40,540	-
	1,007,904	-	-	1,007,904	866,904
Other					
Direct fundraising expenses	-	117,812	-	117,812	124,296
Rent	13,123	16,871	7,498	37,492	37,574
Newsletter and public relations	14,281	18,361	8,160	40,802	35,284
Office and other miscellaneous	9,300	11,957	5,314	26,571	23,944
Meetings	4,157	5,346	2,376	11,879	8,284
Professional fees	14,781	19,004	8,446	42,231	41,046
Telephone	892	1,148	510	2,550	2,925
Depreciation	183	235	104	522	96
	56,717	190,734	32,408	279,859	273,449
Total Expenses	$ 1,102,826	$ 239,854	$ 54,239	$ 1,396,919	$ 1,256,617