

**NEUROENDOCRINE TUMOR RESEARCH
FOUNDATION, INC.**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
TOGETHER WITH INDEPENDENT AUDITORS' REPORT

NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.

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DECEMBER 31, 2015

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To the Board of Directors
Neuroendocrine Tumor Research Foundation, Inc.
Boston, Massachusetts

Independent Auditors' Report

I have audited the accompanying financial statements of Neuroendocrine Tumor Research Foundation, Inc. (a nonprofit organization) which comprise the balance sheet as of December 31, 2015, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Neuroendocrine Tumor Research Foundation, Inc. as of December 31, 2015, 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.

Report on Summarized Comparative Information

The financial statements of Neuroendocrine Tumor Research Foundation, Inc.'s of 2014 were audited by Pavento, Ratcliffe, Renzi and Co., LLC. They expressed an unmodified audit opinion on those audited financial statements in their report dated July 22, 2015. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Elaine Renzi, CPA, LLC

Franklin, Massachusetts
October 28, 2016

NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.

BALANCE SHEETS

DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Current assets:		
Cash & equivalents	\$ 8,795,219	\$ 2,241,873
Contributions receivable	5,192,972	1,721,744
Prepaid expenses	9,777	1,350
Total current assets	13,997,968	3,964,967
Long-term promise to give, net of current portion	4,901,480	-
Total assets	\$ 18,899,448	\$ 3,964,967
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 201,874	\$ 53,994
Grants payable	410,000	1,722,000
Total current liabilities	611,874	1,775,994
Grants payable long term	624,000	400,000
Net assets:		
Unrestricted	2,649,594	131,563
Temporarily restricted	10,112,500	1,657,410
Permanently restricted	4,901,480	-
Total net assets	17,663,574	1,788,973
Total liabilities and net assets	\$ 18,899,448	\$ 3,964,967

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

NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Public support and revenue:				
Contributions, grants and sponsorships	\$ 1,846,862	\$ 10,135,000	\$ 4,901,480	\$ 16,883,342
Interest income	1,214	-	-	1,214
Realized losses	(13)	-	-	(13)
Special events, net of expenses	155,968	-	-	155,968
Release of temporarily restricted net assets	1,679,910	(1,679,910)	-	-
Total revenue and support	<u>3,683,941</u>	<u>8,455,090</u>	<u>4,901,480</u>	<u>17,040,511</u>
Expenses:				
Program services:				
Research	593,819	-	-	593,819
Patient Education	98,258	-	-	98,258
Outreach and support	166,290	-	-	166,290
Total program services	<u>858,367</u>	<u>-</u>	<u>-</u>	<u>858,367</u>
Supporting services:				
Management and general	69,984	-	-	69,984
Development	237,559	-	-	237,559
Total supporting services	<u>307,543</u>	<u>-</u>	<u>-</u>	<u>307,543</u>
Total expenses	<u>1,165,910</u>	<u>-</u>	<u>-</u>	<u>1,165,910</u>
Change in net assets	2,518,031	8,455,090	4,901,480	15,874,601
NET ASSETS, beginning of year	<u>131,563</u>	<u>1,657,410</u>	<u>-</u>	<u>1,788,973</u>
NET ASSETS, end of year	<u>\$ 2,649,594</u>	<u>\$ 10,112,500</u>	<u>\$ 4,901,480</u>	<u>\$ 17,663,574</u>

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

NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:				
Contributions, grants and sponsorships	\$ 1,961,751	\$ 1,031,500	\$ -	\$ 2,993,251
Interest income	874	-	-	874
Release of temporarily restricted net assets	690,090	(690,090)	-	-
Total revenue and support	<u>2,652,715</u>	<u>341,410</u>	<u>-</u>	<u>2,994,125</u>
Expenses:				
Program services:				
Research	1,683,884	-	-	1,683,884
Patient Education	74,475	-	-	74,475
Outreach and support	99,610	-	-	99,610
Total program services	<u>1,857,969</u>	<u>-</u>	<u>-</u>	<u>1,857,969</u>
Supporting services:				
Management and general	71,438	-	-	71,438
Development	178,117	-	-	178,117
Total supporting services	<u>249,555</u>	<u>-</u>	<u>-</u>	<u>249,555</u>
Total expenses	<u>2,107,524</u>	<u>-</u>	<u>-</u>	<u>2,107,524</u>
Change in net assets	545,191	341,410	-	886,601
NET ASSETS, beginning of year	<u>(413,628)</u>	<u>1,316,000</u>	<u>-</u>	<u>902,372</u>
NET ASSETS, end of year	<u>\$ 131,563</u>	<u>\$ 1,657,410</u>	<u>\$ -</u>	<u>\$ 1,788,973</u>

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

NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015 WITH COMPARATIVE TOTALS FOR 2014

	2015							2014	
	Program Services			Supporting Services				Total Expenses	Total Expenses
	Research	Patient Education	Outreach & Support	Total Program Services	Management & General	Development	Total Supporting Services		
Salaries	\$ 68,699	\$ 43,160	\$ 120,158	\$ 232,017	\$ 29,615	\$ 138,230	\$ 167,845	\$ 399,862	\$ 278,591
Employee benefits	1,794	3,349	3,588	8,731	2,386	12,082	14,468	23,199	21,455
Payroll taxes	5,235	3,289	9,156	17,680	2,257	10,533	12,790	30,470	20,658
Total salaries and related expenses	<u>75,728</u>	<u>49,798</u>	<u>132,902</u>	<u>258,428</u>	<u>34,258</u>	<u>160,845</u>	<u>195,103</u>	<u>453,531</u>	<u>320,704</u>
Research grants	435,000	-	-	435,000	-	-	-	435,000	1,574,811
Other grants	-	-	1,000	1,000	-	-	-	1,000	2,603
Professional services	5,754	10,829	5,654	22,237	16,921	10,706	27,627	49,864	40,583
Occupancy	7,898	4,962	13,814	26,674	3,405	15,891	19,296	45,970	45,067
Office expenses	1,518	1,500	5,600	8,618	5,210	16,213	21,423	30,041	31,181
Information technology	977	913	5,120	7,010	971	18,076	19,047	26,057	20,125
Insurance	104	65	182	351	1,233	209	1,442	1,793	1,619
Conferences	25,492	15,969	150	41,611	186	6,774	6,960	48,571	31,565
Travel	29,648	14,222	1,868	45,738	7,000	6,770	13,770	59,508	23,341
Advertising	11,000	-	-	11,000	-	-	-	11,000	15,000
Dues and licenses	700	-	-	700	800	2,075	2,875	3,575	925
Total expenses	<u>\$ 593,819</u>	<u>\$ 98,258</u>	<u>\$ 166,290</u>	<u>\$ 858,367</u>	<u>\$ 69,984</u>	<u>\$ 237,559</u>	<u>\$ 307,543</u>	<u>\$ 1,165,910</u>	<u>\$ 2,107,524</u>

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

NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Total increase (decrease) in net assets	\$ 15,874,601	\$ 886,601
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in assets		
Contributions receivable	(3,471,468)	(369,468)
Prepaid expenses	(8,187)	15,000
Long-term promises to give	(4,901,480)	-
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	147,880	(36,449)
Grants payable	(1,088,000)	439,500
Net cash provided by operating activities	6,553,346	935,184
CASH FLOWS FROM INVESTING ACTIVITIES:		
None		
CASH FLOWS FROM FINANCING ACTIVITIES:		
None		
NET INCREASE (DECREASE) IN CASH CURRENT YEAR ACTIVITY	6,553,346	935,184
CASH AT BEGINNING OF YEAR	2,241,873	1,306,689
CASH AT END OF YEAR	\$ 8,795,219	\$ 2,241,873
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Noncash investing and financing activities:		
None		

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

NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

(1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Neuroendocrine Tumor Research Foundation, Inc. is a nonprofit corporation organized under Massachusetts General Laws Chapter 180. It is also a 501(c)(3) organization under the Internal Revenue Code of 1986 as amended. Its primary purpose is to support neuroendocrine cancer research. It accomplishes this by funding breakthrough scientific research into neuroendocrine tumors. In addition, it is committed to supporting patients, families, friends and caregivers by providing them with up-to-date information and resources. The Organization is supported by donors throughout the United States.

(a) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles for Not-for-Profit Organizations. The accrual method recognizes income as it is earned and expenses as they are incurred.

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein may be classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

(b) Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

(c) Contributed Support

The Organization recognizes all contributed support when it is received or unconditionally pledged. Contributed support is reported as unrestricted or as restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

(1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Contributed Support (Continued)

If a restriction is fully satisfied in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Pledges receivable includes unconditional promises to give that are expected to be collected within one year and are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-adjusted interest rate applicable to the year the promise is received. Accretion of the discount is included in contributions and gifts revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

(d) In-Kind Support

The Organization records various types of in-kind support including professional services, advertising and materials. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses.

(e) Property and Equipment

Property and equipment acquisitions are recorded at cost or fair market value when received. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Expenditures for major renewals in excess of \$5,000 are capitalized.

(f) Cash and Cash Equivalents

Cash equivalents are included in cash. The Organization considers interest-bearing investments due on demand as cash equivalents.

(g) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

(2) TAX STATUS

Neuroendocrine Tumor Research Foundation, Inc. is an exempt organization under Internal Revenue Code Section 501(c)(3) and is not considered a private foundation. The corporation is also exempt from Massachusetts income taxes.

Neuroendocrine Tumor Research Foundation, Inc. has identified its tax status as a tax-exempt entity as a tax position; however, it has determined that such tax position does not result in an uncertainty requiring recognition. The Organization is not currently under examination by any taxing jurisdiction. Its Federal and state income tax returns are generally open for examination for the past three years.

(3) CONTRIBUTIONS RECEIVABLE

Contributions receivable consists of unconditional promises to give on behalf of individual and foundation donors. These receivables are considered low risk because a significant portion represents commitments from either large, well-established foundations or individual donors with a long-term relationship with the Organization. Therefore, no allowance for uncollectible amounts is deemed necessary.

Unconditional contributions and grants receivable are expected to be realized in the following periods. Long-term promises to give are discounted at an annual rate of 1%.

	<u>2015</u>	<u>2014</u>
In one year or less	\$ 5,112,500	\$1,651,500
Two years	<u>5,000,000</u>	<u>5,910</u>
Gross contributions receivable	10,112,500	1,657,410
Less: present value discount	<u>(98,520)</u>	<u>-</u>
Contributions receivable, net	<u>\$10,013,980</u>	<u>\$1,657,410</u>

(4) RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2015 and 2014 are available for the following purposes:

	<u>2015</u>	<u>2014</u>
Unrestricted purposes after the passage of time	\$ 112,500	\$1,651,500
Restricted as to use	<u>10,000,000</u>	<u>5,910</u>
	<u>\$10,112,500</u>	<u>\$1,657,410</u>

NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

(4) RESTRICTED NET ASSETS (Continued)

Permanently restricted net assets at December 31, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
An endowment receivable from one foundation to be received in December of 2017. Each year, the Organization shall be entitled to spend five percent of the total value of the endowment for scientific research awards and activities in accordance with the endowment agreement.	\$5,000,000	\$ -
Less discount to present value	<u>(98,520)</u>	<u>-</u>
	<u>\$4,901,480</u>	<u>\$ -</u>

(5) RESEARCH GRANTS PAYABLE

The Organization awards multi-year research grants to fund scientific research of carcinoid and related neuroendocrine tumors. All grants are expensed upon approval by the Board of Directors. Payments are made according to the terms of the grant agreement, which are typically according to pre-set dates or upon reaching certain milestones. Changes in grants payable are as follows:

	<u>2015</u>	<u>2014</u>
Grants payable at beginning of year	\$2,122,000	\$1,682,500
Grants awarded	435,000	1,575,000
Payments made	<u>(1,523,000)</u>	<u>(1,135,500)</u>
Grants payable at end of year	<u>\$1,034,000</u>	<u>\$2,122,000</u>

Grants payable at December 31, 2015 are scheduled to be disbursed as follows:

2016	\$410,000
2017	\$624,000

(6) FUNCTIONAL EXPENSES

Expenses are charged to each program based on direct expenditures incurred. Expenditures not directly chargeable to programs are allocated in relation to programs based on payroll expense.

(7) OCCUPANCY

Office space is leased on a tenant-at-will basis. Physical space needs are minimal due to the nature of the Organization's activities. Rent expense totaled \$31,080 and \$29,935 for fiscal years ending December 31, 2015 and 2014, respectively.

NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

(8) ACCRUAL FOR COMPENSATED ABSENCES

Employees are permitted to accrue a specific number of hours of vacation pay which is payable upon termination of the employee. Sick leave is not paid upon termination. Accrued vacation time at fiscal year-end was minimal and, therefore, no accrual was deemed necessary as of December 31, 2015 and 2014.

(9) CONCENTRATIONS OF CREDIT RISK

Cash

The Organization maintains cash balances at a highly rated financial institution. The total of all accounts at this institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2015, the Organization's uninsured cash balances total \$3,604,196.

The Organization invests in money funds with a highly rated investment company. The funds are covered by the Securities Investor Protection Corporation and, as such, are protected against irregularities, insolvency, or bankruptcy of the custodian up to \$250,000. Such investments are exposed to various risks such as market and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements. At December 31, 2015, the Organization's investments in money funds total \$5,035,030.

Contributions receivable

Awards from one foundation comprised 99% of total contributions receivable as of December 31, 2015.

(10) CONCENTRATIONS AND RELATED PARTY ACTIVITY

The Organization receives substantial contributions from foundations. Contributions from one foundation totaled 87% of total support and revenue for the year ended December 31, 2015. Contributions from one foundation (related to a board member) totaled 67% of total support and revenue for the year ended December 31, 2014.

(11) NAME CHANGE

In order to more closely align its name with its purpose, the Board voted, in 2014, to change the name of the Organization from *Caring for Carcinoid Foundation, Inc.* to *Neuroendocrine Tumor Research Foundation, Inc.*

(12) SUBSEQUENT EVENTS

The Organization evaluated subsequent events through October 28, 2016, which is the date the financial statements were available to be issued.