

**NEUROENDOCRINE TUMOR RESEARCH
FOUNDATION, INC.**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.

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DECEMBER 31, 2017

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*ELAINE RENZI,
CPA, LLC*

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

Independent Auditor's 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, 2017, 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, 2017, 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

I have previously audited Neuroendocrine Tumor Research Foundation, Inc.'s 2016 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated March 14, 2017. In my opinion, the summarized comparative 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 which it has been derived.

Franklin, Massachusetts
May 1, 2018

Elaine Renzi, CPA, LLC

NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.
BALANCE SHEETS
DECEMBER 31, 2017 AND 2016

<u>Assets</u>	<u>2017</u>	<u>2016</u>
Current assets:		
Cash & equivalents	\$ 6,693,121	\$ 8,645,754
Contributions receivable	749,154	568,087
Other receivable	30,000	-
Prepaid expenses	26,624	6,429
Total current assets	7,498,899	9,220,270
Investments	10,826,061	5,006,855
Contributions receivable, long-term	489,131	-
Contributions receivable, endowment	-	5,000,000
Total assets	\$ 18,814,091	\$ 19,227,125
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 113,311	\$ 92,572
Grants payable	1,830,772	1,113,500
Total current liabilities	1,944,083	1,206,072
Grants payable long term	2,547,828	275,000
Net assets:		
Unrestricted	8,164,199	7,246,053
Temporarily restricted	1,157,981	5,500,000
Permanently restricted	5,000,000	5,000,000
Total net assets	14,322,180	17,746,053
Total liabilities and net assets	\$ 18,814,091	\$ 19,227,125

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, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:				
Contributions, grants and sponsorships	\$ 1,067,162	\$ 980,264	\$ -	\$ 2,047,426
Interest income	241,419	-	-	241,419
Realized gains (losses)	3,691	-	-	3,691
Unrealized gains (losses)	590,718	-	-	590,718
Release of temporarily restricted net assets	5,322,283	(5,322,283)	-	-
Total revenue and support	<u>7,225,273</u>	<u>(4,342,019)</u>	<u>-</u>	<u>2,883,254</u>
Expenses:				
Program services:				
Research	5,612,128	-	-	5,612,128
Patient Education	168,566	-	-	168,566
Outreach and support	151,543	-	-	151,543
Total program services	<u>5,932,237</u>	<u>-</u>	<u>-</u>	<u>5,932,237</u>
Supporting services:				
Management and general	169,795	-	-	169,795
Development	205,095	-	-	205,095
Total supporting services	<u>374,890</u>	<u>-</u>	<u>-</u>	<u>374,890</u>
Total expenses	<u>6,307,127</u>	<u>-</u>	<u>-</u>	<u>6,307,127</u>
Change in net assets	918,146	(4,342,019)	-	(3,423,873)
NET ASSETS, beginning of year	<u>7,246,053</u>	<u>5,500,000</u>	<u>5,000,000</u>	<u>17,746,053</u>
NET ASSETS, end of year	<u>\$ 8,164,199</u>	<u>\$ 1,157,981</u>	<u>\$ 5,000,000</u>	<u>\$ 14,322,180</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, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:				
Contributions, grants and sponsorships	\$ 1,574,532	\$ 500,000	\$ 98,520	\$ 2,173,052
Interest income	3,753	-	-	3,753
Realized gains (losses)	1,770	-	-	1,770
Unrealized gains (losses)	4,113	-	-	4,113
Release of temporarily restricted net assets	5,112,500	(5,112,500)	-	-
Total revenue and support	<u>6,696,668</u>	<u>(4,612,500)</u>	<u>98,520</u>	<u>2,182,688</u>
Expenses:				
Program services:				
Research	1,455,400	-	-	1,455,400
Patient Education	119,503	-	-	119,503
Outreach and support	158,284	-	-	158,284
Total program services	<u>1,733,187</u>	<u>-</u>	<u>-</u>	<u>1,733,187</u>
Supporting services:				
Management and general	172,423	-	-	172,423
Development	194,599	-	-	194,599
Total supporting services	<u>367,022</u>	<u>-</u>	<u>-</u>	<u>367,022</u>
Total expenses	<u>2,100,209</u>	<u>-</u>	<u>-</u>	<u>2,100,209</u>
Change in net assets	4,596,459	(4,612,500)	98,520	82,479
NET ASSETS, beginning of year	<u>2,649,594</u>	<u>10,112,500</u>	<u>4,901,480</u>	<u>17,663,574</u>
NET ASSETS, end of year	<u>\$ 7,246,053</u>	<u>\$ 5,500,000</u>	<u>\$ 5,000,000</u>	<u>\$ 17,746,053</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, 2017 WITH COMPARATIVE TOTALS FOR 2016

	2017							2016	
	Program Services			Supporting Services					
	Research	Patient Education	Outreach & Support	Total Program Services	Management & General	Development	Total Supporting Services	Total Expenses	Total Expenses
Salaries	\$ 175,206	\$ 73,678	\$ 108,651	\$ 357,535	\$ 81,486	\$ 116,430	\$ 197,916	\$ 555,451	\$ 422,092
Employee benefits	10,160	5,352	5,015	20,527	2,308	9,364	11,672	32,199	28,657
Payroll taxes	12,617	5,305	7,824	25,746	5,868	8,384	14,252	39,998	27,437
Total salaries and related expenses	197,983	84,335	121,490	403,808	89,662	134,178	223,840	627,648	478,186
Research grants awarded	5,359,824	-	-	5,359,824	-	-	-	5,359,824	1,161,224
Research grant funds returned	(100,281)	-	-	(100,281)	-	-	-	(100,281)	-
Other grants	-	1,500	-	1,500	-	-	-	1,500	-
Professional services	37,629	15,258	12,328	65,215	53,196	20,596	73,792	139,007	131,616
Occupancy	16,561	6,964	10,270	33,795	7,702	11,005	18,707	52,502	53,108
Office expenses	2,417	60	1,435	3,912	7,771	19,119	26,890	30,802	54,439
Information technology	12,085	797	4,327	17,209	2,166	10,092	12,258	29,467	34,741
Insurance	276	116	171	563	1,326	184	1,510	2,073	2,108
Conferences	32,260	21,157	-	53,417	-	-	-	53,417	76,607
Travel	49,792	38,379	1,522	89,693	7,972	9,921	17,893	107,586	104,905
Advertising	2,750	-	-	2,750	-	-	-	2,750	-
Dues and licenses	832	-	-	832	-	-	-	832	3,275
Total expenses	\$ 5,612,128	\$ 168,566	\$ 151,543	\$ 5,932,237	\$ 169,795	\$ 205,095	\$ 374,890	\$ 6,307,127	\$ 2,100,209

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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Total increase (decrease) in net assets	\$ (3,423,873)	\$ 82,479
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized (gains) losses on investments	(3,691)	(1,770)
Unrealized (gains) losses on investments	(590,718)	(4,113)
Investment earnings re-invested	(240,192)	(972)
Investment advisory fees netted from investments	15,395	-
(Increase) decrease in assets		
Contributions receivable	(670,198)	4,624,885
Other receivable	(30,000)	-
Prepaid expenses	(20,195)	3,348
Contributions receivable, endowment	5,000,000	(98,520)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	20,739	(109,302)
Grants payable	2,990,100	354,500
Net cash provided (used) by operating activities	<u>3,047,367</u>	<u>4,850,535</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds on sales of investments	-	-
Purchase of investments	(5,000,000)	(5,000,000)
Net cash provided (used) by investing activities	<u>(5,000,000)</u>	<u>(5,000,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
None		
NET INCREASE (DECREASE) IN CASH CURRENT YEAR ACTIVITY	(1,952,633)	(149,465)
CASH AT BEGINNING OF YEAR	<u>8,645,754</u>	<u>8,795,219</u>
CASH AT END OF YEAR	<u>\$ 6,693,121</u>	<u>\$ 8,645,754</u>
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, 2017

(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, 2016, 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.

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

NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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

(c) Contributed Support (Continued)

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.

Gifts of stock are converted to cash as soon as reasonably possible after receipt and are therefore, treated as cash contributions in accordance with U.S. generally accepted accounting principles.

(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) Investments

Investments in marketable securities with readily determinable fair values are stated at fair market value. Investment expenses are netted against investment income for financial statement presentation.

(h) 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, 2017

(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.

	<u>2017</u>	<u>2016</u>
In one year or less	\$ 749,154	\$ 568,087
In one year or less – endowment receivable	-	5,000,000
Longer than one year	<u>489,131</u>	<u>-</u>
Contributions receivable	<u>\$1,238,285</u>	<u>\$5,568,087</u>

(4) INVESTMENTS– FAIR VALUES MEASURED ON A RECURRING BASIS

ASC 820, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable inputs other than quoted prices for identical assets; and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs are not available.

Fair values of investments measured on a recurring basis are summarized as follows:

	<u>Cost</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
As of fiscal year ending December 31, 2017		
Mutual Funds	\$10,231,229	\$ 10,826,061

NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

(4) INVESTMENTS– FAIR VALUES MEASURED ON A RECURRING BASIS (Continued)

The following schedule summarizes the investment return on mutual funds by its classification in the Statement of Activities for the year ended December 31, 2017:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Investment income	\$241,419	\$ -0-	\$241,419
Realized gains	3,691	-0-	3,691
Unrealized gain	<u>590,718</u>	<u>-0-</u>	<u>590,718</u>
Total investment return	<u>\$835,828</u>	<u>\$ -0-</u>	<u>\$835,828</u>

(5) RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2017 and 2016 are available as follows:

	<u>2017</u>	<u>2016</u>
Unrestricted purposes after the passage of time	\$1,157,981	\$ 500,000
Unrestricted purposes after the passage of time	<u>-</u>	<u>5,000,000</u>
	<u>\$1,157,981</u>	<u>\$5,500,000</u>

Permanently restricted net assets at December 31, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
An endowment from one foundation which was pledged in 2015 and included in contributions receivable in 2016 and 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	\$5,000,000

(6) ENDOWMENT FUND

The Organization's endowment consists of mutual funds that have been restricted by a donor to be maintained in perpetuity, established to support the achievement of the Organization's mission. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted term endowment fund, absent explicit donor stipulations to the contrary. Consequently, the Organization classifies within permanently restricted net assets:

- the original value of gifts donated to the endowment, and
- the original value of subsequent gifts to the endowment

NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

(6) ENDOWMENT FUND (Continued)

Investment income and cumulative appreciation (net unrealized and realized gains) of the donor-restricted endowment fund are added to the principal and included in the calculation for the annual Distribution Amount (as described more fully in the Spending Policy section below) in accordance with donor stipulations.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Organization to retain as a fund of an explicitly stated duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are to be reported as reductions in unrestricted net assets.

Subject to the intent of the donor expressed in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the Organization. In making a determination to appropriate or accumulate, the Organization considers the following factors:

1. The duration and preservation of the endowment fund;
2. The purposes of the Organization and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation or deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Organization; and
7. The investment policy of the Organization.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets with the objective of preserving the long-term, real purchasing power of assets while ensuring the ability of the Organization to meet short-term grant funding commitments. Fund assets earmarked for short-term distribution to fulfill donor guidelines may be more conservative with a higher cash position, while funds dedicated to the long-term endowment may have different investment goals and anticipated returns.

Strategies Employed for Achieving Objectives

Fund assets will be managed as a balanced portfolio composed of two major components: an equity portion and a fixed income portion. The expected role of Fund equity investments will be to maximize the long-term real growth of Portfolio assets, while the role of fixed income investments will be to generate current income, provide for more stable periodic returns, and provide some protection against a prolonged decline in the market value of Portfolio equity investments.

Spending Policy

Each year, the Organization shall be entitled to spend five percent of the total value of the Endowment, calculated based on the rolling thirty-six month average value of the Endowment (or portion thereof for the first three years). Any portion of the distribution amount not used in a given year shall be added to the Endowment's principal.

A pledge receivable for the endowment was recorded in fiscal year 2015 in the amount of \$5,000,000 and the pledge was fulfilled in December of 2017. As such, the Organization had no endowment earnings or distributions for 2017.

NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

(6) ENDOWMENT FUND (Continued)

Changes in endowment funding during fiscal year 2017 are:

Endowment funds invested, beginning of year	\$ -0-
Contributions received	5,000,000
Investment income	-0-
Net appreciation (depreciation)	-0-
Amounts appropriated for expenditure	-0-
Endowment funds invested, end of year	<u>\$5,000,000</u>

(7) RESEARCH GRANTS PAYABLE

The Organization awards annual and 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>2017</u>	<u>2016</u>
Grants payable at beginning of year	\$1,388,500	\$1,034,000
Grants awarded	5,359,824	1,764,500
Payments made	(2,369,724)	(910,000)
Grants cancelled	-	(500,000)
Grants payable at end of year	<u>\$4,378,600</u>	<u>\$1,388,500</u>

Grants payable at December 31, 2017 are scheduled to be disbursed as follows:

2018	\$1,830,772
2019	\$1,214,132
2020	\$1,089,132
2021	\$244,564

(8) 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.

NEUROENDOCRINE TUMOR RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

(9) COMMITMENTS

The Organization leases office space under a non-cancelable operating lease, which commenced on June 1, 2017 and continues for a five-year term until May 31, 2022. The lease is subject to property tax and operating cost escalation clauses. Fixed rental payments under this lease for each of the next five years and in the aggregate are:

Year ending December 31:

2018	\$ 61,752
2019	63,332
2020	64,912
2021	66,492
2022	<u>27,979</u>
	<u>\$284,467</u>

Rent expense relating to this lease totaled \$30,415 for the year ending December 31, 2017. Prior to June 1, 2017, the Organization rented office space on a tenant-at-will basis. Rent expense under this arrangement totaled \$15,467 and \$40,555 for years ending December 31, 2017 and 2016, respectively.

(10) 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, 2017 and 2016.

(11) 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, 2017, the Organization's uninsured cash balances total \$6,400,658.

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, 2017, the Organization's investments in money funds total \$56,969.

Contributions receivable

Awards from two foundations comprised 97% of contributions receivable as of December 31, 2017. Awards from two foundations comprised 100% of contributions receivable as of December 31, 2016.

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(12) CONCENTRATIONS OF REVENUE AND SUPPORT

The Organization receives substantial contributions from foundations. Contributions from three foundations totaled 42% of total support and revenue for the year ended December 31, 2017. Contributions from three foundations totaled 64% of total support and revenue for the year ended December 31, 2016.

(13) EMPLOYEE BENEFIT PLAN

The Organization participates in a qualified 401k deferred income plan. All employees are eligible to contribute a portion of their compensation to the plan in accordance with plan provisions.

(14) SUBSEQUENT EVENTS

The Organization evaluated subsequent events through May 1, 2018, which is the date the financial statements were available to be issued.