

**T.J. Martell Foundation**

*Music's Promise for Curing Cancer*



**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT**

**YEARS ENDED DECEMBER 31, 2018 AND 2017**

## CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Balance Sheets	2
Statements of Activities	3
Statements of Cash Flows	4
Statements of Functional Expenses	5
Notes to Financial Statements	6 - 16

## INDEPENDENT AUDITORS' REPORT

To The Board of Directors  
The T.J. Martell Foundation for  
Cancer Research  
New York, New York

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The T.J. Martell Foundation for Cancer Research, which comprise balance sheets as of December 31, 2018 and 2017, and the related statements of activities, cash flows and functional expenses for the years 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The T.J. Martell Foundation for Cancer Research as of December 31, 2018 and 2017, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of a Matter**

As discussed in Note 2 to the financial statements, in 2018, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

*Dorfman Abrams Music, LLC*

Saddle Brook, New Jersey

November 15, 2019

THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

BALANCE SHEETS

ASSETS

	December 31,	
	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 3,370,984	\$ 3,866,722
Investments	2,110,351	2,127,658
Accounts receivable, net	439,223	450,571
Pledges receivable	118,112	11,195
Other current assets	210,788	178,776
Property and equipment, net	<u>32,104</u>	<u>20,407</u>
Total assets	<u>\$ 6,281,562</u>	<u>\$ 6,655,329</u>

LIABILITIES AND NET ASSETS

Grant allocations payable	\$ 2,008,527	\$ 3,177,472
Accounts payable and accrued expenses	190,501	238,680
Deferred income	<u>245,006</u>	<u>204,046</u>
Total liabilities	<u>2,444,034</u>	<u>3,620,198</u>
Net assets:		
With donor restrictions	3,733,881	2,709,322
Without donor restrictions	<u>103,647</u>	<u>325,809</u>
Total net assets	<u>3,837,528</u>	<u>3,035,131</u>
Total liabilities and net assets	<u>\$ 6,281,562</u>	<u>\$ 6,655,329</u>

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

THE T. J. MARTELL FOUNDATION FOR CANCER RESEARCH

STATEMENTS OF ACTIVITIES

	Year ended December 31, 2018		Year ended December 31, 2017	
	Without donor restrictions	With donor restrictions	Without donor restrictions	With donor restrictions
		Total		Total
Support and revenue:				
Grants and contributions	\$ 426,212	\$ 426,212	\$ 217,856	\$ 2,850
Donated services	530,000	530,000	860,035	
Special events:				
Contribution from special events	5,249,857	5,714,668	3,920,452	322,959
Revenue from special events	779,660	779,660	678,446	
Special events, direct expenses	(2,487,490)	(2,487,490)	(2,057,336)	
Special events, net interest and dividends	3,542,027	4,006,838	2,541,562	322,959
	69,448	69,448	59,697	59,697
Total support and revenue	4,567,687	5,032,498	3,679,150	325,809
Net assets released from restriction	686,973	(686,973)	284,437	(284,437)
Expenses:				
Program services	5,254,660	5,032,498	3,963,587	41,372
Supporting services:				
Management and general	212,861	212,861	174,505	
Fundraising	1,249,053	1,249,053	1,267,971	
Total supporting services	1,461,914	1,461,914	1,442,476	
Total expenses	4,144,463	4,144,463	3,852,779	
Change in net assets from operations	1,110,197	(222,162)	110,808	41,372
Nonoperating activities:				
Unrealized gain (loss) on investments	(85,638)	(85,638)	46,434	
Total nonoperating activities	(85,638)	(85,638)	46,434	
Change in net assets	1,024,559	(222,162)	157,242	41,372
Net assets, beginning of year	2,709,322	3,035,131	2,552,080	284,437
Net assets, end of year	\$ 3,733,881	\$ 3,837,528	\$ 2,709,322	\$ 325,809
				\$ 3,035,131

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

THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 802,397	\$ 198,614
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	8,770	5,375
Discount on grant allocations payable	(12,137)	(14,012)
Bad debt expense, accounts receivable	17,334	15,000
Loss on disposal of property and equipment	31	1,594
Realized and unrealized gain (loss) on investments	85,638	(46,434)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(5,986)	(219,214)
Pledges receivable	(106,917)	5,000
Other current assets	(32,012)	(15,169)
Increase (decrease) in:		
Grant allocations payable	(1,156,808)	1,063,356
Accounts payable and accrued expenses	(48,179)	99,629
Deferred income	40,960	109,474
Net cash provided (used) by operating activities	<u>(406,909)</u>	<u>1,203,213</u>
Cash flows from investing activities:		
Purchase of property and equipment	(20,500)	(8,167)
Purchase of investments	<u>(68,329)</u>	<u>(58,518)</u>
Net cash used by investing activities	<u>(88,829)</u>	<u>(66,685)</u>
Net increase in cash and cash equivalents	(495,738)	1,136,528
Cash and cash equivalents, beginning of year	<u>3,866,722</u>	<u>2,730,194</u>
Cash and cash equivalents, end of year	<u>\$ 3,370,984</u>	<u>\$ 3,866,722</u>

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

THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2018 and 2017

	Program service expenses		Management and general		Supporting service expenses		Total		Total program and supporting service expenses	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Salaries	\$ 364,826	\$ 307,335	\$ 120,514	\$ 88,945	\$ 512,404	\$ 419,679	\$ 632,918	\$ 508,624	\$ 997,744	\$ 815,959
Payroll taxes and benefits	108,416	85,153	20,760	16,306	101,496	79,718	122,256	96,024	230,672	181,177
Total personnel costs	473,242	392,488	141,274	105,251	613,900	499,397	755,174	604,648	1,228,416	997,136
Grants	1,549,637	1,225,594							1,549,637	1,225,594
Professional fees	101,814	128,327	19,371	24,466	94,702	119,610	114,073	144,076	215,887	272,403
Office rent, telephone and supplies	107,354	112,205	20,557	21,486	100,501	105,043	121,058	126,529	228,412	238,734
Printing and postage	50,064	31,073	9,587	5,950	46,869	29,089	56,456	35,039	106,520	66,112
Public relations, education, and advertising	285,175	436,041		1,157	285,175	435,656	285,175	436,813	570,350	872,854
Bank and credit card processing fees	9,718	6,632	1,861	1,270	9,098	6,208	10,959	7,478	20,677	14,110
Insurance	14,969	11,852	2,866	2,269	14,013	11,095	16,879	13,364	31,848	25,216
Bad debt	8,147	7,050	1,560	1,350	7,627	6,600	9,187	7,950	17,334	15,000
Meetings and travel	72,766	51,335	13,934	9,830	68,122	48,059	82,056	57,889	154,822	109,224
Depreciation	4,122	2,526	789	484	3,859	2,365	4,648	2,849	8,770	5,375
Miscellaneous expenses	5,541	5,180	1,062	992	5,187	4,849	6,249	5,841	11,790	11,021
Total expenses	\$ 2,682,549	\$ 2,410,303	\$ 212,861	\$ 174,505	\$ 1,249,053	\$ 1,267,971	\$ 1,461,914	\$ 1,442,476	\$ 4,144,463	\$ 3,852,779

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

THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

1. Nature of the Organization

The T.J. Martell Foundation for Cancer Research (the Organization), founded in 1975, is a New York not-for-profit organization. The Organization is dedicated to raising funds for the innovative initial and ongoing research of the treatments and cures for cancer. The Foundation's board of directors authorizes grants to various institutions for the purpose of cancer research. All fundraising and management and general expenses are in support of the Foundation's sole mission to provide grants.

2. Summary of significant accounting policies

New accounting pronouncement

During 2018, the Organization adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification.

As a result of the adoption of ASU, net assets as of December 31, 2017 were reclassified as follows:

	ASU Classifications		
	Without donor restrictions	With donor restrictions	Total net assets
Net asset classifications			
As previously presented:			
Unrestricted	\$ 2,709,322	\$	\$ 2,709,322
Temporarily restricted		325,809	325,809
Total net assets	\$ 2,709,322	\$ 325,809	\$ 3,035,131



# THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

## NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

### 2. Summary of significant accounting policies (continued)

#### Basis of presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

#### Measure of operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to realized and unrealized gains (losses) on investments, and other activities considered to be of a more unusual or nonrecurring nature.

#### Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Cash

Cash consists of demand deposit accounts.

#### Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values, based on quoted market prices, on the balance sheets. Unrealized gains and losses are included in the changes in net assets without donor restrictions for the gains and losses that are not donor restricted, and in the changes in net assets with donor restriction for the gains and losses that are restricted for the support of certain of the Organization's programs. Investment fees are netted against the investment income.

THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

2. Summary of significant accounting policies (continued)

Fair value measurement

U.S. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date;

Level 2 - Inputs other than quoted prices that are observable for the assets or liability either directly or indirectly, including inputs that are not considered to be active;

Level 3 - Inputs that are unobservable.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad criteria data, liquidity statistics, and other factors. An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Organization. The Organization considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by multiple, independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Organization's perceived risk of that investment.

Accounts receivable

Accounts receivable consist of amounts unpaid from special events less an allowance for doubtful accounts. All accounts receivable are expected to be collected in one year.

Allowance for doubtful accounts

Accounts receivable is stated at unpaid balances, less an allowance for doubtful accounts of \$31,500 and \$14,165 at years ended December 31, 2018 and 2017, respectively. The Foundation provides for losses on accounts receivable using the allowance method. The allowance is based on management's knowledge of which individual receivables are likely to not be collected. It is the Foundation's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Contributions receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

2. Summary of significant accounting policies (continued)

Property and equipment

Property and equipment are stated at cost, or for donated items, at the fair market value of the asset on the date of the gift. Depreciation is provided principally on the straight-line method at rates based on the following estimated useful lives.

Furniture and fixtures	7-10 years
Computer equipment	5 years
Website costs	5 years
Leasehold improvements	15 years

The cost of assets sold or otherwise disposed of and the accumulated depreciation thereon are eliminated from the accounts and the resulting gain or loss is reflected in income except for assets traded where no cash is received. Expenditures for maintenance and repairs are charged to expenses as incurred; replacements and betterments in excess of \$500 that extend the useful lives, are capitalized.

Grant allocations payable

Grants are recognized at the date of a formal, unconditional promise to give commitment. Grants that are expected to be paid in future years are recorded at present value of expected future payments. At December 31, 2018 and 2017, grants were discounted using treasury rate at the time of the multi-year commitment, which was 2.18 percent.

Deferred income

Payments received for special events to be held after December 31, 2018 and 2017, are recorded as deferred income and recognized as revenue when the events occur and the funds are earned.

Contributions

Contributions, including unconditional pledges, received are recorded as made, as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

2. Summary of significant accounting policies (continued)

Donated services

The Organization receives donated services from specialized providers and others that create or enhance non-financial assets and allow the Organization to fulfill its mission. The donated services would typically need to be purchased if not provided by donation and are recorded in the financial statements at their estimated fair market value (see Note 13).

Non-cash donations, other than professional services, are recorded as support at their estimated fair value at the date of donation.

Functional allocation of expenses

The costs of providing various programs and support services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as time and effort and square footage.

Income taxes

The Organization is a tax-exempt organization as defined by Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Reclassifications

Certain amounts from the 2017 financial statements have been reclassified to conform to the 2018 presentation.

3. Concentration of credit risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, investments, accounts and pledges receivable. The Organization maintains its cash in demand deposit accounts, the balances of which, at times, may exceed federally insured limits. Exposure to credit risk is reduced by placing such deposits in high quality financial institutions. Investments are exposed to various risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statement of financial position. Concentration of credit risk with respect to accounts and pledges receivable is reduced due to the fact that the receivables are from prominent individuals and/or corporations. The Organization has set up an allowance for doubtful accounts to cover any amounts not expected to be collected in the near future.

THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

4. Availability and liquidity

The following represents the Organization's financial assets at December 31:

	<u>2018</u>
Financial assets at year end	
Cash	\$ 3,370,984
Investments	2,110,351
Accounts receivable, net	439,223
Pledges receivable, net	<u>118,112</u>
Total financial assets	6,038,670
Less amounts not available to be used within one year:	
Net assets with donor restrictions	103,647
Less net assets with purpose restrictions to be met In less than a year	<u>(103,647)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 6,038,670</u>

The Organization's goal is generally to maintain financial assets to meet 30 days of operating expenses, net of in-kind expenses which approximately \$300,000.

5. Investments

The classification of the investment securities at fair value as follows at December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Bond Funds	\$ 2,110,351	\$ _____	\$ _____	\$ 2,110,351

The classification of the investment securities at fair value as follows at December 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Bond Funds	\$ 2,127,658	\$ _____	\$ _____	\$ 2,127,658

THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

5. Investments (continued)

The following schedule summarizes the investment return for the years ended December 31, 2018 and 2017. All investment earnings are available for the unrestricted use of the Foundation.

	<u>2018</u>	<u>2017</u>
Interest income from cash accounts	\$ 1,118	\$ 1,179
Dividend and interest income from investments	68,330	58,518
Realized and unrealized gain (loss) on investments	<u>(85,638)</u>	<u>46,434</u>
	<u>\$ (16,190)</u>	<u>\$ 106,131</u>

6. Property and equipment

Property and equipment consists of the following at December 31:

	<u>2018</u>	<u>2017</u>
Computer equipment	\$ 19,184	\$ 22,286
Furniture and fixtures	3,812	8,252
Leasehold improvements	4,960	4,960
Website costs	<u>20,500</u>	<u>70,750</u>
	48,456	106,248
Less accumulated depreciation	<u>16,352</u>	<u>85,841</u>
	<u>\$ 32,104</u>	<u>\$ 20,407</u>

Depreciation expense for the years ended December 31, 2018 and 2017 was \$8,770 and \$5,375, respectively. During the year ended December 31, 2018, the Organization wrote off \$70,750 of fully depreciated assets that are no longer in service.

7. Retirement plan

The Foundation's board of directors authorizes annual contributions to a Simplified Employee Pension Individual Retirement Account (SEP IRA). The Foundation contributes an amount calculated as a percentage of an employee's annual salary. SEP IRA expense for the years ended December 31, 2018 and 2017 totaled \$28,927 and \$23,867, respectively.

THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

8. Commitments and contingencies

The Foundation leases various office spaces under operating leases that have various expiration dates through 2022. The following is a schedule by year of future minimum rental payments required under the operating leases which have a remaining non-cancelable lease term in excess of one year at December 31, 2018:

2019	\$	70,528
2020		72,650
2021		74,832
2022		63,910
		<u>63,910</u>
	\$	<u>281,920</u>

Rent expense for the years ended December 31, 2018 and 2017 was \$150,766 and \$154,199, respectively.

9. Program grants

The following grants were authorized and payable by the Foundation in support of cancer research as of and for the years ended December 31:

	2018		2017	
	Grant authorized	Payable	Grant authorized	Payable
Grantee:				
Mount Sinai School of Medicine	\$ 100,000	\$ 100,000	\$ 100,000	\$ 150,000
Vanderbilt University Medical Center	500,000	500,000	500,000	900,000
Children's Hospital Los Angeles	250,000	250,000	250,000	450,000
Memorial Sloan-Kettering	125,000	125,000	125,000	246,000
Columbia University	300,000	300,000	250,000	500,000
Emory Winship Cancer Institute		500,000		700,000
University of California, San Francisco	62,500	62,500	50,000	50,000
MD Anderson	100,000	100,000	86,582	172,582
Young Researchers				50,000
City of Hope	100,000	100,000		
	<u>1,537,500</u>	<u>2,037,500</u>	<u>1,361,582</u>	<u>3,218,582</u>
Less discount		<u>28,973</u>		<u>41,110</u>
	<u>\$ 1,537,500</u>	<u>\$ 2,008,527</u>	<u>\$ 1,361,582</u>	<u>\$ 3,177,472</u>

THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

9. Program grants (continued)

The following summarizes grant activity for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Grants payable, beginning of year	\$ 3,177,472	\$ 2,128,128
Grants awarded	1,537,500	1,361,582
Payments made	(2,718,582)	(176,250)
Other adjustments		(150,000)
Discount amortization	<u>12,137</u>	<u>14,012</u>
Grants payable, end of the year	<u>\$ 2,008,527</u>	<u>\$ 3,177,472</u>

Future minimum payments under these grants, net of discount, are as follows for years ending December 31:

2019	\$ 1,637,500
2020	95,779
2021	93,735
2022	91,735
2023	<u>89,778</u>
	<u>\$ 2,008,527</u>

10. Special events

Special events support for the years ended December 31, 2018 and 2017 consists of the following:

	<u>2018</u>		
	<u>Income</u>	<u>Expenses</u>	<u>Net</u>
Nashville events	\$ 2,278,409	\$ 847,252	\$ 1,431,157
New York events	2,907,880	1,128,053	1,779,827
Los Angeles events	1,121,764	425,379	696,385
Others	<u>186,275</u>	<u>86,806</u>	<u>99,469</u>
	<u>\$ 6,494,328</u>	<u>\$ 2,487,490</u>	<u>\$ 4,006,838</u>
	<u>2017</u>		
	<u>Income</u>	<u>Expenses</u>	<u>Net</u>
Nashville events	\$ 2,348,682	\$ 882,328	\$ 1,466,354
New York events	1,851,886	763,248	1,088,638
Los Angeles events	561,351	340,203	221,148
Others	<u>159,939</u>	<u>71,557</u>	<u>88,381</u>
	<u>\$ 4,921,858</u>	<u>\$ 2,057,336</u>	<u>\$ 2,864,521</u>



THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

11. Net assets with restrictions

Temporarily restricted net assets are available as follows at December 31:

	2018	2017
Sarcoma Research	\$	\$ 6,627
Breast Cancer Research	7,666	28,423
Young Researchers		67,881
MD Anderson Cancer Center	95,981	85,061
Ovarian Cancer Research		137,817
	<u>\$ 103,647</u>	<u>\$ 325,809</u>

Net assets were released from restrictions as follows during the year ended December 31:

	2018	2017
Sarcoma Research	\$ 6,627	\$ 118,038
Breast Cancer Research	75,000	23,237
Ovarian Cancer Research	215,257	59,630
MD Anderson Cancer Center	100,000	83,532
Young Researchers	67,881	
Prostate Cancer Research	153,940	
Immuno-Oncology Research	68,268	
	<u>\$ 686,973</u>	<u>\$ 284,437</u>

12. Related party transactions

The Foundation received professional services from several companies that are owned by members of the Foundation's Board of Directors. During the fiscal years ended December 31, 2018 and 2017, the Foundation paid \$28,280 and \$26,331 respectively, for these professional services.

13. Donated services

During the years ended December 31, 2018 and 2017, the Foundation received a substantial amount of air time to broadcast public service announcements with a value of \$530,000 and \$860,000, respectively. The announcements were provided by various companies through a board member of the Foundation, which is an employee at one of these companies. The fair value of the announcements is included as part of donated services and public relations, education, and advertising expense.

THE T.J. MARTELL FOUNDATION FOR CANCER RESEARCH

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

14. Allocation of joint costs

The Organization has allocated the joint costs of the air time received to broadcast public service announcements. This activity with a value of \$530,000 and \$860,000 at December 31, 2018 and 2017, respectively, includes both programmatic and fundraising components.

For the year ended December 31, 2018, the allocation of this joint cost was allocated \$265,000 to program expenses and \$265,000 to fundraising expenses. For the year ended December 31, 2017, the allocation of this joint cost was allocated \$430,000 to program expenses and \$430,000 to fundraising expenses.

15. Subsequent events

Subsequent events have been evaluated through November 15, 2019, which is the date the financial statements were available to be issued. The Organization is not aware of any material subsequent events.