

CANCER RESEARCH INSTITUTE, INC.

FINANCIAL STATEMENTS

JUNE 30, 2025

CANCER RESEARCH INSTITUTE, INC.

Contents

| | <u>Page</u> |
|---|--------------------|
| Independent Auditors' Report | 1 - 2 |
| Financial Statements | |
| Statement of financial position as of June 30, 2025 | 3 |
| Statement of activities for the year ended June 30, 2025 | 4 |
| Statement of functional expenses for the year ended June 30, 2025 | 5 |
| Statement of cash flows for the year ended June 30, 2025 | 6 |
| Notes to financial statements | 7 - 21 |

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Cancer Research Institute, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cancer Research Institute, Inc. ("CRI"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statement.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Cancer Research Institute, Inc. as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Correction of an Error

As further discussed in Note B to the financial statements, the opening balances as of July 1, 2024 have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

CRI's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CRI's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the CRI's ability to continue as a going concern for a reasonable period of time.

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

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
March 5, 2026



CANCER RESEARCH INSTITUTE, INC.

Statement of Financial Position June 30, 2025

ASSETS

| | |
|--|--------------|
| Cash and cash equivalents | \$ 5,000,309 |
| Pledge receivables, net | 6,650,054 |
| Accounts receivable, net | 6,419,092 |
| Investments | 103,130,756 |
| Due from investment manager | 5,039,765 |
| Property and equipment, net | 205,402 |
| Prepaid expenses and other assets | 601,641 |
| Beneficial interest in perpetual trust | 768,856 |
| Right-of-use asset - operating lease | 1,816,285 |

Total assets \$ 129,632,160

LIABILITIES AND NET ASSETS

Liabilities:

| | |
|---------------------------------------|--------------|
| Accounts payable and accrued expenses | \$ 1,907,761 |
| Grants payable, net | 40,889,845 |
| Other liabilities | 70,652 |
| Lease liability | 1,884,191 |

Total liabilities 44,752,449

Commitment (See Notes D and M)

NET ASSETS

Without donor restrictions:

Undesignated and available for general activities 70,295,173

Total net assets without donor restrictions 70,295,173

With donor restrictions:

| | |
|---------------------|-----------|
| Purpose restricted | 9,553,875 |
| Time restricted | 1,386,667 |
| Perpetual in nature | 3,643,996 |

Total net assets with donor restrictions 14,584,538

Total net assets 84,879,711

\$ 129,632,160

CANCER RESEARCH INSTITUTE, INC.

Statement of Activities Year Ended June 30, 2025

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|----------------------------------|----------------------------|----------------------|
| Operating public support and other revenues: | | | |
| Public Support: | | | |
| Contributions | \$ 18,940,903 | \$ 5,970,918 | \$ 24,911,821 |
| Special events (net of direct benefit to donor of \$166,765 in 2025) | 1,786,354 | - | 1,786,354 |
| Contributions of nonfinancial assets | 342,900 | - | 342,900 |
| Net assets released from restrictions | 7,116,031 | (7,116,031) | - |
| Total operating revenues | <u>28,186,188</u> | <u>(1,145,113)</u> | <u>27,041,075</u> |
| Other revenues: | | | |
| Program-related earned income | 907,299 | - | 907,299 |
| Rental Income (net of related expenses of \$143,541 in 2025) | 49,095 | - | 49,095 |
| Investment income allocation | 4,570,000 | - | 4,570,000 |
| Change in value of perpetual trust | - | 33,419 | 33,419 |
| Miscellaneous | 29,492 | - | 29,492 |
| Total other revenues | <u>5,555,886</u> | <u>33,419</u> | <u>5,589,305</u> |
| Total operating public support and other revenues | <u>33,742,074</u> | <u>(1,111,694)</u> | <u>32,630,380</u> |
| Operating expenses | | | |
| Program services: | | | |
| Research | 25,787,340 | - | 25,787,340 |
| Clinical | 4,789,646 | - | 4,789,646 |
| Data | 2,851,974 | - | 2,851,974 |
| Patients and policy | 290,903 | - | 290,903 |
| Total program services | <u>33,719,863</u> | <u>-</u> | <u>33,719,863</u> |
| Supporting services: | | | |
| Marketing and development | 4,855,224 | - | 4,855,224 |
| Management and general | 3,253,254 | - | 3,253,254 |
| Total supporting services | <u>8,108,478</u> | <u>-</u> | <u>8,108,478</u> |
| Total expenses | <u>41,828,341</u> | <u>-</u> | <u>41,828,341</u> |
| Decrease in net assets from operating activities | (8,086,267) | (1,111,694) | (9,197,961) |
| Non-operating activities: | | | |
| Net investment income in excess of investment allocation | 4,444,158 | 613,615 | 5,057,773 |
| Decrease in net assets | <u>(3,642,109)</u> | <u>(498,079)</u> | <u>(4,140,188)</u> |
| Net assets, beginning of year, as previously reported | 50,119,968 | 16,710,667 | 66,830,635 |
| Correction of error | 23,817,314 | (1,628,050) | 22,189,264 |
| Net assets, beginning of year, as restated (See Note B) | <u>73,937,282</u> | <u>15,082,617</u> | <u>89,019,899</u> |
| Net assets, end of year | <u>\$ 70,295,173</u> | <u>\$ 14,584,538</u> | <u>\$ 84,879,711</u> |

See notes to financial statements.

CANCER RESEARCH INSTITUTE, INC.

**Statement of Functional Expenses
Year Ended June 30, 2025**

| | Program Services | | | | | Supporting Services | | | |
|--|------------------|--------------|--------------|---------------------|---------------|---------------------------|------------------------|--------------|---------------|
| | Research | Clinical | Data | Patients and Policy | Total | Marketing and Development | Management and General | Total | Total |
| Research and grantmaking | \$ 21,770,136 | \$ 4,202,418 | \$ 2,554,531 | \$ - | \$ 28,527,085 | \$ - | \$ - | \$ - | \$ 28,527,085 |
| Scientific and patient education | 1,413,504 | - | - | 169,787 | 1,583,291 | - | - | - | 1,583,291 |
| Salaries, benefits, and related taxes | 1,807,773 | 334,971 | 199,615 | 12,698 | 2,355,057 | 2,919,920 | 1,740,018 | 4,659,938 | 7,014,995 |
| Professional fees | 377,317 | 104,551 | 52,948 | 105,563 | 640,379 | 979,688 | 1,098,708 | 2,078,396 | 2,718,775 |
| Technology and supplies | 159,435 | 98,841 | 17,571 | 1,118 | 276,965 | 587,504 | 112,087 | 699,591 | 976,556 |
| Rent and occupancy | 151,379 | 28,050 | 16,715 | 1,063 | 197,207 | 209,568 | 272,154 | 481,722 | 678,929 |
| Advertising and marketing | 62,623 | 11,604 | 6,915 | 440 | 81,582 | 210,953 | 10,522 | 221,475 | 303,057 |
| Travel, meals, and meetings | 33,027 | 6,960 | 2,338 | 149 | 42,474 | 96,002 | 127,965 | 223,967 | 266,441 |
| Depreciation and amortization | 12,146 | 2,251 | 1,341 | 85 | 15,823 | 18,354 | 10,666 | 29,020 | 44,843 |
| Miscellaneous | - | - | - | - | - | - | 24,675 | 24,675 | 24,675 |
| Total expenses | 25,787,340 | 4,789,646 | 2,851,974 | 290,903 | 33,719,863 | 5,021,989 | 3,396,795 | 8,418,784 | 42,138,647 |
| Less: direct benefit to donor | - | - | - | - | - | (166,765) | - | (166,765) | (166,765) |
| Less: rent | - | - | - | - | - | - | (143,541) | (143,541) | (143,541) |
| Total expenses per statement of activities | \$ 25,787,340 | \$ 4,789,646 | \$ 2,851,974 | \$ 290,903 | \$ 33,719,863 | \$ 4,855,224 | \$ 3,253,254 | \$ 8,108,478 | \$ 41,828,341 |

See notes to financial statements.

CANCER RESEARCH INSTITUTE, INC.

Statement of Cash Flows Year Ended June 30, 2025

Cash flows from operating activities:

| | |
|---|---------------------|
| Decrease in net assets | \$ (4,140,188) |
| Adjustments to reconcile decrease in net assets to net cash used in operating activities: | |
| Donated securities | (291,714) |
| Proceeds from sale of donated securities | 291,714 |
| Depreciation and amortization | 44,843 |
| Net realized and unrealized gains on investments | (8,524,138) |
| Non-cash lease amortization | 102,229 |
| Change in value of perpetual trust | (33,419) |
| Changes in: | |
| Pledge receivables | (396,922) |
| Accounts receivable | 648,396 |
| Prepaid expenses and other assets | (75,997) |
| Due from investment manager | (5,039,765) |
| Accounts payable and accrued expenses | 990,952 |
| Grants payable | 5,853,568 |
| Other liabilities | (2,197) |
| Lease liability | (101,137) |
| | <u>(10,673,775)</u> |
| Net cash used in operating activities | <u>(10,673,775)</u> |

Cash flows from investing activities:

| | |
|---|------------------|
| Purchases of property and equipment | (150,017) |
| Purchases of investments | (19,478,749) |
| Proceeds from sales of investments | 24,875,621 |
| | <u>5,246,855</u> |
| Net cash provided by investing activities | <u>5,246,855</u> |

Decrease in cash and cash equivalents

| | |
|--|-------------------|
| Cash and cash equivalents, beginning of year | (5,426,920) |
| | <u>10,427,229</u> |

Cash and cash equivalents, end of year

| | |
|----|------------------|
| \$ | <u>5,000,309</u> |
|----|------------------|

Supplemental disclosure of cash flows information:

| | |
|--------------------------------------|-------------------|
| Contributions of nonfinancial assets | <u>\$ 342,900</u> |
|--------------------------------------|-------------------|

CANCER RESEARCH INSTITUTE, INC.

Notes to Financial Statements June 30, 2025

NOTE A - CRI AND ITS SIGNIFICANT ACCOUNTING POLICIES

[1] CRI:

The Cancer Research Institute, Inc. ("CRI") was founded on January 27, 1953, by Helen Coley Nauts and Oliver R. Grace Sr., two individuals who believed that, together, they could end the devastation of cancer. Their legacy is an organization that established an entire field of cancer research — the field of cancer immunotherapy. Immunotherapy is a type of cancer treatment that uses the power of your body's own immune system to prevent, control, and eliminate cancer. Today, virtually every major research institution in the world working in immunology and immunotherapy has scientists on staff who have been or are currently being funded by CRI.

CRI continues to advance the field of cancer immunotherapy by supporting scientists at every career stage, funding and accelerating translational and early-phase clinical research, building shared data tools and training resources, and improving patient access, understanding, and policy to drive collaboration and progress across the cancer immunotherapy ecosystem.

CRI is a not-for-profit corporation exempt from federal income taxes pursuant to Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code") and from state and local taxes under comparable laws.

[2] Basis of accounting:

The financial statements of CRI have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

[3] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, public support and revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

[4] Operating measure:

Operating revenues and expenses reflect the activities in which CRI typically engages to fulfill its mission. CRI utilizes a spending rate in making its annual investment allocation for support of operations.

[5] Cash and cash equivalents:

For financial-reporting purposes, CRI considers all highly liquid instruments, purchased with a maturity of three months or less, to be cash equivalents, except for those cash equivalent assets held as part of the investment portfolio.

[6] Investments:

CRI's investments in equity securities, mutual funds, and exchange traded funds are reported at their fair values in the statement of financial position based on quoted market prices. Cash and cash equivalents held as part of the investment portfolio are also included in the balances reported as investments.

CANCER RESEARCH INSTITUTE, INC.

Notes to Financial Statements June 30, 2025

NOTE A - CRI AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[6] Investments: (continued)

CRI's investments include certificates of deposit held at financial institutions with stated maturities ranging from approximately four months to ten years and bearing interest at fixed rates. Interest income is recognized as earned and included in investment income in the accompanying statement of activities. Certificates of deposit are reported at fair value and are included in investments in the accompanying statement of financial position. Fair value is determined using observable market inputs, including quoted prices for similar instruments and market-based interest rate data, and is classified within Level 2 of the fair value hierarchy.

CRI also has investments in limited partnerships and limited liability companies which are considered to be alternative investments, for which readily determinable fair values do not exist. The fair value of the alternative investments has been estimated based on the respective net asset value ("NAV") per share (or its equivalent unit) of each investment, as reported by the particular investment manager. Investments in limited partnerships and/or limited liability companies where NAV cannot be used as a practical expedient to fair value are valued based on the valuation policies and procedures of the general partners. The general partners perform oversight of the underlying positions, both on an investment level and from a risk perspective. The general partners are also responsible for ensuring that the investments are valued according to the policies and procedures adopted by the partnerships. CRI places reliance upon those procedures, and it records those investments at fair value as determined by the general partners. Because of the complex management structures and nature of the underlying investments and the inherent uncertainty of the valuation of the alternative investments, CRI's management and its various investment managers monitor their positions to reduce the risk of potential losses due to changes in fair values or the failure of counterparties to perform on a routine basis. Management believes the carrying amount of the investments in non-publicly traded securities is a reasonable estimate of their fair value. However, such estimated fair values may differ significantly from the values that would have been used had a ready market for these investments existed.

Certain of CRI's investment managers enter into derivatives contracts held or issued for trading purposes. These investments are subject to various market risks, which arise from changes in securities values and other market conditions. As part of their overall trading strategies, the investment managers may engage in the purchases and sales of index and equity options for the purpose of generating profit and/or reducing market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

CRI's investments, in general, are subject to various risks, such as interest-rate, market and credit risks. Due to the level of risk associated with certain investment vehicles, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost basis to proceeds at the time of disposition. Distributions from limited partnerships and limited liability companies that represent returns of contributed capital reduce the cumulative costs basis of the respective investment. Distributions received from limited partnerships and limited liability companies in excess of CRI's cumulative cost basis are recognized as realized gains. Unrealized gains and losses on investments are determined by comparing the investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

CANCER RESEARCH INSTITUTE, INC.

Notes to Financial Statements June 30, 2025

NOTE A - CRI AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[6] Investments: (continued)

Donated securities are recorded at their estimated fair values, or by their net asset values as determined by CRI's management on the dates of donation. CRI's policy is to sell the donated securities immediately and, accordingly, for purposes of the statement of cash flows, donated securities and the proceeds generated from their sale are included within operating activities. With respect to donors' contributions of equity securities, which for example are: (i) not readily marketable, (ii) the securities of private companies, or (iii) the securities of companies in liquidation, CRI's policy is to record such items at appraised value, approximating fair value, at time of donation in the absence of readily determinable fair values.

Investment expenses include the services of bank trustees, investment managers and custodians. The balances of investment management fees disclosed in Note D are those specific fees charged by CRI's various investment managers in each fiscal year; however, they do not include those fees that are embedded in various other investment accounts and transactions.

[7] Due from investment manager:

From time-to-time, investment transactions may be initiated prior to fiscal year end but may not be settled until the following fiscal year. Accordingly, amounts to be received by CRI are reported as "due from investment manager" in the accompanying statement of financial position. At June 30, 2025, there were \$5,039,765 of unsettled transactions, included in the accompanying statement of financial position, which were fully collected during fiscal year 2026.

[8] Property and equipment:

Property and equipment are stated at their original costs at the dates of acquisition, or if contributed, at their fair values at the dates of donation, net of accumulated depreciation. CRI capitalizes items of property and equipment that have a useful life greater than one year, whereas minor costs of repairs and maintenance are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of three to ten years. Leasehold improvements are recorded at cost and are amortized over the life of the lease.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and when triggering events indicate that the fair value of the long-lived assets may be less than the carrying value, recognizes any impairment in the year of determination. There were no triggering events during fiscal year 2025 requiring management to test for impairment that would require any adjustments to property and equipment. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

[9] Accrued vacation:

Based on their tenure, CRI's employees are entitled to be paid for unused vacation time if they leave CRI's employment. Accordingly, CRI must recognize a liability for the amount that would be incurred if employees with such unused vacation time were to leave. At June 30, 2025, this accrued vacation obligation was approximately \$272,000, which is included in accounts payable and accrued expenses in the statement of financial position.

CANCER RESEARCH INSTITUTE, INC.

Notes to Financial Statements June 30, 2025

NOTE A - CRI AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[10] Leases:

CRI determines if an arrangement is a lease at inception. For CRI's operating leases, a right-of-use ("ROU") asset represents CRI's right to use an underlying asset for the lease term and an operating lease liability represents an obligation to make lease payments arising from the lease. The ROU asset and lease liability are recognized at the lease commencement date based on the present value of lease payments over the lease term. Since CRI's lease agreements do not provide an implicit interest rate, CRI uses a risk-free rate based on the information available at the commencement date in determining the present value of the lease payments. Operating lease expense is recognized on a straight-line basis over the lease term, subject to any changes in the lease or expectations regarding the terms. Variable lease costs, such as operating costs, are expensed as incurred.

[11] Functional allocation of expenses:

The costs of providing CRI's various programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents expenses by function and natural classification. Accordingly, direct costs have been functionalized within the program and supporting services based on the nature of the expense. Indirect costs such as salaries, including payroll taxes and employee benefits, have been allocated based on the basis of time and effort by employees, and other indirect costs such as occupancy and depreciation and amortization have been allocated based on full-time equivalent.

Research and grantmaking consist of CRI's fellowship awards, investigatorships, and grants covering periods of one to five years for the purpose of medical research. These awards are recorded as expenses at the time they become unconditional.

Scientific and patient education include costs primarily related to: (i) providing the public with information concerning cancer immunology, (ii) responding to inquiries from the public concerning cancer, and (iii) organizing scientific convenings.

[12] Income tax uncertainties:

CRI follows the provisions of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, relating to accounting and reporting for uncertainty in income taxes. For CRI, these provisions could be applicable to the incurrence of unrelated business income. Because of CRI's general tax-exempt status, management believes ASC Topic 740 has not had, and is not anticipated to have, a material impact on CRI's financial statements.

[13] Net assets:

The net assets of CRI and changes therein are reported as follows:

(i) *Net assets without donor restrictions:*

CRI's net assets without donor restrictions represent those resources that are not subject to donor restrictions as to their use and are available for current operations. Funds designated by the Board of Trustees (the "Board") are to function as an endowment and remain without restrictions subject to the discretion of the Board.

CANCER RESEARCH INSTITUTE, INC.

Notes to Financial Statements June 30, 2025

NOTE A - CRI AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[13] Net assets: (continued)

(ii) *Net assets with donor restrictions:*

Net assets with donor restrictions represent those resources that are subject to donor-imposed restrictions, such as specific purposes and/or the passage of time. Also included in net assets with donor restrictions are donor restrictions that are perpetual in nature and are subject to the requirements of the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). These donors have stipulated that those resources be maintained in perpetuity with the resultant income and net capital appreciation arising from the underlying assets to be used in the satisfaction of the wishes of those donors. When a donor's restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished or a Board appropriation has been made, 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."

[14] Revenue recognition:

(i) *Contributions:*

Contributions to CRI are recognized as revenue upon the receipt of either cash, other assets, or of unconditional pledges. Contributions are recorded as with donor restrictions if they are received with donor stipulations or time considerations as to their use. Conditional contributions are recognized when the donor's conditions have been met by requisite actions of CRI's management or the necessary events have taken place, and if received in advance, are recognized in the statement of financial position as funds received in advance.

CRI records bequest income at the time it has an established right to a bequest and the proceeds are measurable. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

Gross proceeds paid by attendees at special events held as fundraising activities represent contribution revenue, as well as the payment of the direct cost of the benefit received by the attendee at the event. Special event income is reported net of the direct benefit to donors. Special event revenues, other than contributions, applicable to a current year are recognized as revenue in the year the special event takes place. Special event revenue for a future year's period is deferred and recognized when the event takes place.

CRI periodically assesses the collectability of its pledges receivable and other receivables using management's judgement regarding potential defaults; accordingly, management considers factors such as: (i) prior collection history; and (ii) the type of contribution, and provided allowances for anticipated losses, if any, when necessary.

(ii) *Beneficial interest and perpetual trust:*

CRI has been named as a beneficiary of a perpetual charitable trust which is administered by a third-party trustee. The trust was created independently by a donor and is administered by an outside agent designated by the donor; accordingly, CRI has neither possession nor control over the assets of the trust.

CRI reported the asset and recognized contribution revenue with donor restrictions, perpetual in nature, at the fair value of CRI's interest in the trust assets. Distributions received on the trust assets are reported as revenue without donor restrictions in the statement of activities, in accordance with donor intent. Subsequent changes in fair value of the perpetual trust assets are recorded as a change in the value of perpetual trust in net assets with donor restrictions. At June 30, 2025, the fair value of this trust was \$768,856.

CANCER RESEARCH INSTITUTE, INC.

Notes to Financial Statements June 30, 2025

NOTE A - CRI AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[14] Revenue recognition: (continued)

(iii) *Revenue from contracts with customers:*

CRI recognizes revenue when, or as, performance obligations are satisfied associated with contracts with customers. Revenue is measured as the amount of consideration CRI expects to receive in exchange for providing services. The primary sources of revenue from contracts with customers for CRI are program-related earned income, including clinical trial and related research services performed for pharmaceutical, biotechnology, and other sponsoring organizations.

[15] Contributions of nonfinancial assets:

Contributions of nonfinancial assets are reported as both contributions and offsetting expenses in the statement of activities (see Note L). CRI, from time to time, receives various forms of gifts-in-kind, which are contributions of nonfinancial assets. For recognition of donated services CRI's financial statements, such services must: (i) create or enhance nonfinancial assets; (ii) typically need to be acquired if not provided by donation; (iii) require specialized skills; and (iv) be provided by individuals possessing those skills.

[16] Advertising costs:

CRI expenses the costs of advertising as incurred. Advertising expenses were \$303,057 during fiscal year 2025.

[17] Subsequent events:

CRI evaluated subsequent events through March 5, 2026, the date on which the financial statements were available to be issued.

[18] Grants payable:

Unconditional grants made to others are recognized in the financial statements at the time of approval by CRI's Board of Trustees. Unconditional grants and awards approved, but unpaid as of the year-end, are reported as grants payable in the statement of financial position. As of June 30, 2025, grants payable amounted to \$40,889,845 and between one and five years. Conditional grants and awards are recognized as the conditions on which they depend are satisfied by the intended recipient. There were no conditional grants and awards approved during fiscal year 2025.

[19] Recent accounting pronouncement:

In July 2025, the FASB issued Accounting Standards Update ("ASU") 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which provides a practical expedient for estimating expected credit losses by allowing entities to assume that current economic conditions will not change over the remaining life of the asset and, for nonpublic entities, an accounting policy election to consider subsequent cash collections after the balance sheet date but before financial statements are issued. The guidance is effective for fiscal years beginning after December 15, 2025, including interim periods within those fiscal years, with early adoption permitted. CRI does not expect the adoption of this ASU to have a material effect on its financial statements.

CANCER RESEARCH INSTITUTE, INC.

Notes to Financial Statements June 30, 2025

NOTE B - RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

CRI's net assets as of July 1, 2024 have been restated to correct errors in the classification and recognition of certain revenue and expense transactions recognized in prior years. Specifically, (i) certain exchange transactions were incorrectly recorded as contributions, (ii) certain conditional contributions were incorrectly recorded as unconditional contributions, and (iii) certain grant expenses were recognized even though conditions were not met, resulting in premature expense recognition. The cumulative effect of these corrections on net assets as of July 1, 2024 was an increase in total net assets of \$22,189,264. The following tables summarize the effect of the restatement.

Statement of Financial Position

| | As of July 1, 2024 | | | |
|---|------------------------|-------------------|------------------------|----------------------|
| | As Previously Reported | Reclassifications | Adjustments | Restated |
| Assets: | | | | |
| Accounts receivable, net | \$ 56,866 | \$ 12,563,630 | \$ (5,553,008) | \$ 7,067,488 |
| Pledge receivables, net | 19,967,262 | (12,563,630) | (1,150,500) | 6,253,132 |
| | <u>\$ 20,024,128</u> | <u>\$ -</u> | <u>\$ (6,703,508)</u> | <u>\$ 13,320,620</u> |
| Liabilities: | | | | |
| Grants and fellowships payable, net | \$ 63,844,049 | \$ - | \$ (28,807,772) | \$ 35,036,277 |
| Accounts payable and accrued expenses | 1,001,809 | - | (85,000) | 916,809 |
| | <u>\$ 64,845,858</u> | <u>\$ -</u> | <u>\$ (28,892,772)</u> | <u>\$ 35,953,086</u> |
| Net assets: | | | | |
| Net assets without donor restrictions: | | | | |
| Undesignated and available for general activities | \$ 43,100,936 | \$ - | \$ 23,817,314 | \$ 66,918,250 |
| Board-designated as endowment | 7,019,032 | - | - | 7,019,032 |
| | <u>\$ 50,119,968</u> | <u>\$ -</u> | <u>\$ 23,817,314</u> | <u>\$ 73,937,282</u> |
| Net assets with donor restrictions: | | | | |
| Purpose restrictions | \$ 13,096,840 | \$ - | \$ (1,624,800) | \$ 11,472,040 |
| Perpetual in nature | 3,613,827 | - | (3,250) | 3,610,577 |
| | <u>16,710,667</u> | <u>-</u> | <u>(1,628,050)</u> | <u>15,082,617</u> |
| | <u>\$ 66,830,635</u> | <u>\$ -</u> | <u>\$ 22,189,264</u> | <u>\$ 89,019,899</u> |

The effect of the restatements on the change in net assets on the statement of activities for the year ended June 30, 2024 was an increase of \$4,118,978. The change in net assets, as previously reported, for the year ended June 30, 2024 was a decrease of (\$1,165,219) and after the correction of the errors, the change in net assets, as restated, for the year ended June 30, 2024 was an increase of \$2,953,759.

CANCER RESEARCH INSTITUTE, INC.

Notes to Financial Statements June 30, 2025

NOTE C - RECEIVABLES

[1] Pledge receivables:

At June 30, 2025, pledge receivables were estimated to be received as follows:

| | | |
|--|----|-------------------------|
| Gross amounts due in: | | |
| Less than one year | \$ | 4,651,765 |
| One to five years | | <u>2,255,834</u> |
| | | 6,907,599 |
| Reduction for contributions due in excess of one year to present value 1%-3% annually | | <u>(95,135)</u> |
| | | 6,812,464 |
| Less: allowance for uncollectible accounts | | <u>(162,410)</u> |
| | \$ | <u><u>6,650,054</u></u> |

Pledge receivables of \$3,250,000 at June 30, 2025, representing approximately 44% of the total pledge balances at June 30 2025, were due from two donors.

[2] Accounts receivable and allowances for credit losses:

Accounts receivable consists of amounts due from unrelated parties for exchange-type transactions. All amounts are due within one year. The estimate for the allowance for expected credit losses is derived from a review of CRI's historical experience and management's evaluation of outstanding receivables. The estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by CRI. Accounts receivable are reported net of an allowance for doubtful accounts of \$184,150 as of June 30, 2025.

NOTE D - INVESTMENTS

At June 30, 2025, investments consisted of the following:

| | <u>Fair Value</u> | <u>Cost</u> |
|---|-----------------------|----------------------|
| Cash equivalents | \$ 2,123,148 | \$ 2,123,148 |
| Certificates of deposit | 3,108,288 | 3,108,288 |
| Equity securities | 593,485 | 559,009 |
| Mutual funds - equity securities | 5,333,045 | 2,361,515 |
| Mutual funds - fixed income | 683,447 | 732,837 |
| Exchange traded funds - equity | 12,071,345 | 9,767,953 |
| Limited partnerships and limited liability companies (a) | <u>79,217,998</u> | <u>51,105,265</u> |
| | <u>\$ 103,130,756</u> | <u>\$ 69,758,015</u> |

(a) The limited partnerships and limited liability companies consist of hedge funds, private equities, and fund-of-funds that primarily invest in domestic and international securities, derivative contracts, and other investments across various classes, sectors, and geographies.

CANCER RESEARCH INSTITUTE, INC.

Notes to Financial Statements June 30, 2025

NOTE D - INVESTMENTS (CONTINUED)

During June 30, 2025, the net investment return from investments and its classification in the accompanying statement of activities were as follows:

| | |
|--|----------------------------|
| Interest and dividends | \$ 1,764,382 |
| Net realized and unrealized gains | 8,524,138 |
| Investment advisory fees | <u>(660,747)</u> |
| | 9,627,773 |
| Less: net investment allocation for current operations | <u>(4,570,000)</u> |
| Net investments income in excess of investment allocation | <u><u>\$ 5,057,773</u></u> |

The FASB's ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical assets, at the reporting date.
- Level 2: Valuations are based on: (i) quoted prices for similar assets in active markets, or (ii) quoted prices for those assets, or similar assets, in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.
- Level 3: Valuations are based on pricing inputs that are unobservable and include situations where (i) there is little, if any, market activity for the assets, or (ii) the assets cannot be independently valued.

Certain of CRI's investments are valued using NAV per share (or its equivalent unit) as a practical expedient of fair value. This applies to investments (i) which do not have a readily determinable fair value; and (ii) the financial statements, which were prepared by the respective investment managers, in a manner consistent with the measurement principles of either an investment company or an entity which has the attributes of an investment company. Investments that are valued using NAV per share (or its equivalent unit) are not required to be categorized within the fair-value hierarchy and, accordingly, have been appropriately excluded from the fair-value hierarchy.

The availability of relevant market data is monitored by CRI's management to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period.

CANCER RESEARCH INSTITUTE, INC.

Notes to Financial Statements June 30, 2025

NOTE D - INVESTMENTS (CONTINUED)

The following tables summarize the fair values of CRI's investments and other assets at June 30, 2025, in accordance with ASC Topic 820 valuation fair-value levels:

| | Amounts within Fair-Value Hierarchy | | | | Measured at NAV | Total |
|--|-------------------------------------|---------------------|-------------------|----------------------|----------------------|-----------------------|
| | Level 1 | Level 2 | Level 3 | Total | | |
| Investments: | | | | | | |
| Cash equivalents | \$ 2,123,148 | \$ - | \$ - | \$ 2,123,148 | \$ - | \$ 2,123,148 |
| Certificates of deposit | - | 3,108,288 | - | 3,108,288 | - | 3,108,288 |
| Equity securities | 593,485 | - | - | 593,485 | - | 593,485 |
| Mutual funds - equity securities | 5,333,045 | - | - | 5,333,045 | - | 5,333,045 |
| Mutual funds - fixed income | 683,447 | - | - | 683,447 | - | 683,447 |
| Exchange traded funds - equity | 12,071,345 | - | - | 12,071,345 | - | 12,071,345 |
| Limited partnerships and limited liability companies | - | - | - | - | 79,217,998 | 79,217,998 |
| | 20,804,470 | 3,108,288 | - | 23,912,758 | 79,217,998 | 103,130,756 |
| Other assets: | | | | | | |
| Beneficial interest in perpetual trust | - | - | 768,856 | 768,856 | - | 768,856 |
| Total | <u>\$ 20,804,470</u> | <u>\$ 3,108,288</u> | <u>\$ 768,856</u> | <u>\$ 24,681,614</u> | <u>\$ 79,217,998</u> | <u>\$ 103,899,612</u> |

The following table lists investments in other investment companies by major category at June 30, 2025:

| | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
|----------------------|----------------------|----------------------|------------------------------------|--------------------------|
| Private equity funds | \$ 29,926,787 | \$ 16,076,006 | N/A | Upon liquidation |
| Private equity funds | 8,199,698 | - | Annual, quarterly; redemption gate | 30-100 days |
| Multiple hedge funds | 7,159,194 | - | Quarterly; redemption gate | 30-60 days |
| Multiple hedge funds | 5,397,182 | - | Monthly; redemption gate | 30 days |
| Hedge fund | 53,298 | - | N/A | Upon liquidation |
| Hedge fund | 3,542,898 | - | Bi-monthly | 6 days |
| Hedge fund | 2,039,147 | - | Daily; redemption gate | 1 day |
| Fund-of-funds | 22,899,794 | - | Quarterly | 95 days |
| | <u>\$ 79,217,998</u> | <u>\$ 16,076,006</u> | | |

Quantitative information regarding unobservable inputs developed by CRI and assumptions used to measure the investments in limited partnerships, and the beneficial interest in perpetual trust as of June 30, 2025 are as follows:

| Type | Fair Value | Valuation Techniques | Significant Unobservable Inputs | Range |
|--|------------|--|---------------------------------|-------|
| Beneficial interest in perpetual trust | \$ 768,856 | Market approach through valuation of underlying securities | Fair value of trust assets | 8% |

CANCER RESEARCH INSTITUTE, INC.

**Notes to Financial Statements
June 30, 2025**

NOTE E - PROPERTY AND EQUIPMENT

At June 30, 2025, property and equipment consisted of the following:

| | |
|---|--------------------------|
| Office equipment | \$ 530,912 |
| Leasehold improvements | <u>246,989</u> |
| | 777,901 |
| Less: accumulated depreciation and amortization | <u>(572,499)</u> |
| | <u><u>\$ 205,402</u></u> |

There were no disposals during fiscal year 2025.

NOTE F - GRANTS PAYABLE

At June 30, 2025, grants payable consisted of the following:

| | |
|---|-----------------------------|
| Due to be paid within one year | \$ 6,739,129 |
| Due to be paid between two and five years | <u>38,437,861</u> |
| | 45,176,990 |
| Less: present value discount ranging 1% to 4% | (1,137,230) |
| Less: allowance for cancellations | <u>(3,149,915)</u> |
| | <u><u>\$ 40,889,845</u></u> |

CRI recognizes unconditional grants as expense and a corresponding liability at the time of approval by the Board of Trustees. In certain circumstances, grantees may terminate their awards prior to the end of the grant term, primarily due to career transitions within the medical and biological research community. CRI evaluates historical cancellation experience by grant category and records an allowance for estimated future terminations on applicable outstanding awards. Allowance rates currently range from 0% to 15%, depending on the grant type and associated risk profile. Management reviews these estimates at least annually and adjusts them as necessary based on historical trends and current conditions.

CANCER RESEARCH INSTITUTE, INC.

Notes to Financial Statements June 30, 2025

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2025, net assets with donor restrictions consisted of the following:

| | |
|------------------------------------|----------------------|
| Purpose restricted: | |
| Clinical innovator | \$ 127,336 |
| Clinical accelerator | 138,974 |
| Patient summit | 190,000 |
| STAR | 3,250,000 |
| Technology Impact Award | 100,000 |
| Cancer specific | 2,985,953 |
| Estates of Blanch Kelly/Uthe | 390,962 |
| Appropriation from endowment funds | <u>2,370,650</u> |
| | 9,553,875 |
| Time restricted | <u>1,386,667</u> |
| Perpetual in nature: | |
| Fellowships | 2,875,140 |
| Other | <u>768,856</u> |
| | <u>3,643,996</u> |
| | <u>\$ 14,584,538</u> |

Net assets released from restrictions at June 30, 2025 consisted of the following:

| | |
|--------------------|---------------------|
| Purpose restricted | \$ 5,781,302 |
| Time restricted | <u>1,334,729</u> |
| | <u>\$ 7,116,031</u> |

NOTE H - ACCOUNTING AND REPORTING FOR ENDOWMENTS

[1] The endowment:

CRI's endowment funds consists of individual funds established for a variety of donor-restricted purposes. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. As of June 30, 2024, CRI maintained a Board-designated quasi-endowment in the amount of \$7,019,032. Amounts designated by the Board for quasi-endowment purposes are not donor-restricted and may be undesignated by Board action. During the fiscal year ended June 30, 2025, the Board approved the release of the full quasi-endowment balance for operating purposes. Accordingly, the quasi-endowment balance was \$0 as of June 30, 2025.

[2] Interpretation of relevant law:

As discussed in Note A[13](ii), NYPMIFA is applicable to all of CRI's institutional funds, including its donor-restricted endowment funds. The Board will continue to adhere to NYPMIFA's requirements.

CANCER RESEARCH INSTITUTE, INC.

Notes to Financial Statements June 30, 2025

NOTE H - ACCOUNTING AND REPORTING FOR ENDOWMENTS (CONTINUED)

[3] Endowment net-asset composition by type of fund, at June 30, 2025:

| | <u>Amounts Subject to Appropriation</u> | <u>Amounts Held in Perpetuity</u> | <u>Total</u> |
|----------------------------------|---|---|---------------------|
| Donor-restricted endowment funds | <u>\$ 2,370,650</u> | <u>\$ 3,643,996</u> | <u>\$ 6,014,646</u> |

[4] Changes in endowment net assets during the fiscal year ended June 30, 2025:

| | <u>Amounts Subject to Appropriation</u> | <u>Amounts Held in Perpetuity</u> | <u>Total</u> |
|--|---|---------------------------------------|---------------------|
| Endowment net assets, beginning of year, as restated | \$ 1,757,035 | \$ 3,610,577 | \$ 5,367,612 |
| Net appreciation (realized and unrealized) | <u>613,615</u> | <u>33,419</u> | <u>647,034</u> |
| Endowment net assets, end of year | <u>\$ 2,370,650</u> | <u>\$ 3,643,996</u> | <u>\$ 6,014,646</u> |

Amounts subject to appropriation represent that portion of allocated investment income, derived from endowment assets held in perpetuity that has not yet been appropriated for expenditure by the Board.

[5] Funds with deficiencies:

Due to unfavorable market fluctuations, from time to time, the fair value of assets associated with individual donor-restricted endowment funds may decline below the historic dollar-value of the donor's original restricted contribution to be held in perpetuity. Under the terms of NYPMIFA, CRI has no responsibility to restore such decreases in value. There were no such deficiencies at June 30, 2025.

[6] Return objectives and risk parameters:

CRI has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other functions supported.

[7] Strategies employed for achieving objectives:

To satisfy its long-term rate-of-return objectives, CRI relies on a total-return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). CRI targets a diversified asset allocation within prudent risk constraints.

[8] Endowment appropriation:

The appropriation from the endowment is based on the timing of fellowship awards, typically every third year.

CANCER RESEARCH INSTITUTE, INC.

Notes to Financial Statements June 30, 2025

NOTE I - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects CRI's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of June 30, 2025 because of contractual or donor-imposed restrictions.

| | |
|---|----------------------|
| Cash and cash equivalents | \$ 5,000,309 |
| Pledges receivable, net | 6,650,054 |
| Accounts receivable, net | 6,419,092 |
| Investments (net of investments with redemption restrictions) | <u>73,203,969</u> |
| Total financial assets available within one year | <u>91,273,424</u> |
| Less: | |
| Amounts unavailable for general expenditures within one year, due to: | |
| Restrictions by donors with purpose restrictions | (9,553,875) |
| Restrictions by donors with time restrictions | (1,386,667) |
| Restricted by donors that are perpetual in nature | <u>(3,643,996)</u> |
| Total amounts unavailable for general expenditure within one year | <u>(14,584,538)</u> |
| Total financial assets available to meet cash needs for general expenditures within one year | <u>\$ 76,688,886</u> |

Liquidity policy:

CRI has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE J - EMPLOYEE-BENEFIT PLAN

CRI has a defined-contribution retirement plan, which provides for CRI to make monthly contributions of at least 5% of the compensation of eligible employees. In addition, CRI may contribute to the plan a discretionary amount equal to a percentage of compensation which is to be determined each plan year by CRI. The plan also allows the participants to make voluntary contributions up to the maximum allowed by federal tax law. During fiscal year 2025, CRI contributed amounts of approximately \$247,000 to the plan.

NOTE K - CREDIT RISK

Financial instruments that potentially subject CRI to concentrations of credit risk consist principally of cash and cash equivalents deposited in financial institutions in amounts which, from time to time, may exceed federal insurance limits. However, based on the current Federal Deposit Insurance Coverage, management believes that CRI does not face a significant risk of loss on these accounts that might result from the failures of the financial institutions.

CANCER RESEARCH INSTITUTE, INC.

Notes to Financial Statements June 30, 2025

NOTE L - DONATED SCIENTIFIC ADVISORY SERVICES

During June 30, 2025, the value of scientific advisory services contributed to CRI consisted of the following:

| <u>Non-Financial Contribution</u> | <u>Type of Contribution</u> | <u>Valuation</u> | <u>Fair Value</u> |
|---------------------------------------|---------------------------------|--|-------------------|
| Scientific Advisory Services | Advisory services | Estimated market rate for similar services in the same location | <u>\$ 337,300</u> |
| Furniture | Furniture | Estimated market rate for the purchase price of similar furniture | <u>\$ 5,600</u> |

NOTE M - COMMITMENT

CRI is obligated under a 124-month lease agreement for office space, expiring in January 2028. The lease is subject to escalation for CRI's pro-rata share of increases in real estate taxes and operating expenses. Concurrent with the authorization of the lease agreement, CRI entered into a sublease agreement for a portion of its office space, also expiring in January 2028. In fiscal year ended June 30, 2025 CRI entered into an additional lease for office space with an obligation of 50 months, expiring in May 2029. Minimum future estimated lease payments and lease income are as follows:

| <u>Year Ending June 30,</u> | <u>Lease Payments</u> | <u>Lease Income</u> |
|---|-----------------------|---------------------|
| 2026 | \$ 668,423 | \$ (164,444) |
| 2027 | 682,106 | (168,471) |
| 2028 | 453,846 | (98,276) |
| 2029 | <u>121,598</u> | |
| Total minimum lease payments | 1,925,973 | |
| Less: amount representing interest | <u>(41,782)</u> | |
| Amount reported on statement of financial position | <u>\$ 1,884,191</u> | |

Weighted average remaining term:

Operating leases 6.83 years

Weight average discount:

Operating leases 6.85%

Rent expense for fiscal years 2025 was approximately \$507,000. There were no variable lease costs during fiscal year 2025.