AMERICAN INSTITUTE FOR CANCER RESEARCH

Financial Statements

September 30, 2015 and 2014

(With Independent Auditors' Report Thereon)

AMERICAN INSTITUTE FOR CANCER RESEARCH

Financial Statements

September 30, 2015 and 2014

Table of Contents

KPMG LLP
1676 International Drive
McLean, VA 22102

Independent Auditors' Report

The Board of Directors
American Institute for Cancer Research:

We have audited the accompanying financial statements of the American Institute for Cancer Research, which comprise the statements of financial position as of September 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows 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 U.S. generally accepted accounting principles; 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the American Institute for Cancer Research. as of September 30, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

February 5, 2016

AMERICAN INSTITUTE FOR CANCER RESEARCH

Statements of Financial Position

September 30, 2015 and 2014

Assets		**2015**	**2014**
Cash and cash equivalents (note 2(c))	$	3,610,255	6,154,784
Accounts receivable, net of allowance for uncollectible accounts of $9,309 in 2015 and $9,316 in 2014		527,297	386,434
Due from affiliates (note 15(b))		373,232	1,108,062
Bequests receivable (note 5)		2,388,836	1,193,381
Investments (notes 3 and 4)		7,025,814	7,649,158
Prepaid expenses		549,797	557,639
Property, net of accumulated depreciation of $317,056 in 2015 and $244,174 in 2014 (note 6)		128,790	171,052
Beneficial interest in perpetual trust (notes 3 and 4)		352,918	383,213
Total assets	$	14,956,939	17,603,723
Liabilities and Net Assets			
Accounts payable and accrued expenses	$	995,050	1,391,105
Due to affiliates (note 15(b))		109,698	166,599
Grants payable (note 7)		2,837,205	4,340,358
Liabilities under charitable gift annuities (notes 3 and 4)		806,517	750,668
Liabilities under charitable remainder unitrusts (notes 3 and 4)		919,043	1,066,876
Accrued benefit cost (note 14)		735,887	767,492
Total liabilities		6,403,400	8,483,098
Unrestricted net assets (notes 9 and 12)		3,388,958	4,924,890
Temporarily restricted net assets (notes 10 and 12)		4,348,286	3,358,494
Permanently restricted net assets (notes 11 and 12)		816,295	837,241
Total net assets		8,553,539	9,120,625
Commitments (notes 4, 7, 8, 14, and 17)			
Total liabilities and net assets	$	14,956,939	17,603,723

See accompanying notes to financial statements.

AMERICAN INSTITUTE FOR CANCER RESEARCH

Statement of Activities

Year ended September 30, 2015

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues:				
Public support – contributions	$ 14,766,534	1,696,509	9,349	16,472,392
Program service revenue	192,425	—	—	192,425
Affiliate service fees	1,058,616	—	—	1,058,616
List rental income	358,062	—	—	358,062
Interest income and dividends (note 3)	117,506	36,942	—	154,448
Other revenues	140,589	—	—	140,589
Net assets released from restrictions	601,327	(601,327)	—	—
Total revenues	17,235,059	1,132,124	9,349	18,376,532
Expenses (note 16):				
Program services:				
Research	1,743,669	—	—	1,743,669
Public health education	10,462,251	—	—	10,462,251
Total program services	12,205,920	—	—	12,205,920
Supporting services:				
Management and general	2,931,152	—	—	2,931,152
Fundraising	3,715,338	—	—	3,715,338
Total supporting services	6,646,490	—	—	6,646,490
Total expenses	18,852,410	—	—	18,852,410
Excess (deficit) of revenue over expenses	(1,617,351)	1,132,124	9,349	(475,878)
Pension related changes other than net periodic benefit costs (note 14)	107,565	—	—	107,565
Gains (losses):				
Net gain (loss) on investments	(67,611)	(54,269)	—	(121,880)
Change in value of split-interest agreement liability – annuities	41,465	—	—	41,465
Change in value of split-interest agreement liability – trusts	—	(88,063)	—	(88,063)
Net loss on interest in perpetual trust (note 4)	—	—	(30,295)	(30,295)
Change in net assets	(1,535,932)	989,792	(20,946)	(567,086)
Net assets, beginning of year	4,924,890	3,358,494	837,241	9,120,625
Net assets, end of year	$ 3,388,958	4,348,286	816,295	8,553,539

See accompanying notes to financial statements.

AMERICAN INSTITUTE FOR CANCER RESEARCH

Statement of Activities

Year ended September 30, 2014

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues:				
Public support – contributions	$ 19,513,525	1,201,530	3,830	20,718,885
Program service revenue	262,751	—	—	262,751
Affiliate service fees	1,015,104	—	—	1,015,104
List rental income	492,303	—	—	492,303
Interest income and dividends (note 3)	90,425	30,088	—	120,513
Other revenues	116,135	—	—	116,135
Net assets released from restrictions	1,725,931	(1,725,931)	—	—
Total revenues	23,216,174	(494,313)	3,830	22,725,691
Expenses (note 16):				
Program services:				
Research	4,286,463	—	—	4,286,463
Public health education	11,573,706	—	—	11,573,706
Total program services	15,860,169	—	—	15,860,169
Supporting services:				
Management and general	3,003,724	—	—	3,003,724
Fundraising	4,010,783	—	—	4,010,783
Total supporting services	7,014,507	—	—	7,014,507
Total expenses	22,874,676	—	—	22,874,676
Excess (deficit) of revenue over expenses	341,498	(494,313)	3,830	(148,985)
Pension related changes other than net periodic benefit costs (note 14)	(235,130)	—	—	(235,130)
Gains (losses):				
Net gain (loss) on investments	283,985	72,259	—	356,244
Change in value of split-interest agreement liability – annuities	24,811	—	—	24,811
Change in value of split-interest agreement liability – trusts	—	70,600	—	70,600
Net loss on interest in perpetual trust (note 4)	—	—	(2,925)	(2,925)
Change in net assets	415,164	(351,454)	905	64,615
Net assets, beginning of year	4,509,726	3,709,948	836,336	9,056,010
Net assets, end of year	$ 4,924,890	3,358,494	837,241	9,120,625

See accompanying notes to financial statements.

AMERICAN INSTITUTE FOR CANCER RESEARCH

Statement of Functional Expenses

Year ended September 30, 2015

	Program services			Supporting services			
	Research	**Public health education**	**Total program services**	**Management and general**	**Fundraising**	**Total supporting services**	**Totals**
Grants	$ 641,620	413,383	1,055,003	—	—	—	1,055,003
Postage and delivery	6,035	2,671,760	2,677,795	266,252	1,083,103	1,349,355	4,027,150
Printing and publication	16,389	1,449,989	1,466,378	128,469	408,763	537,232	2,003,610
Data processing	30,697	645,694	676,391	240,503	277,640	518,143	1,194,534
Mailhouse fees	—	845,116	845,116	75,852	368,088	443,940	1,289,056
List costs	—	213,929	213,929	19,956	83,783	103,739	317,668
Salaries and director fees	361,901	1,602,301	1,964,202	1,197,586	552,759	1,750,345	3,714,547
Professional fees	63,671	1,317,104	1,380,775	187,639	532,161	719,800	2,100,575
Occupancy	67,859	331,753	399,612	241,275	113,098	354,373	753,985
Travel and entertainment	213,035	52,759	265,794	22,059	12,937	34,996	300,790
Benefits and payroll taxes	70,692	329,826	400,518	241,822	113,354	355,176	755,694
Pension expense (note 14)	15,518	31,036	46,554	19,398	11,639	31,037	77,591
Office expense	65,397	111,298	176,695	75,268	49,577	124,845	301,540
Depreciation and amortization	6,560	32,068	38,628	23,322	10,933	34,255	72,883
Insurance	2,594	12,683	15,277	9,224	4,324	13,548	28,825
Advertising	17,642	73,245	90,887	17,349	10,628	27,977	118,864
Information technology	54,321	140,084	194,405	51,710	54,168	105,878	300,283
Conferences	88,260	20,214	108,474	1,354	2,825	4,179	112,653
Interest expense	—	—	—	67,934	—	67,934	67,934
WCRF membership dues	—	84,091	84,091	—	—	—	84,091
Miscellaneous	21,478	83,918	105,396	44,180	25,558	69,738	175,134
	$ 1,743,669	10,462,251	12,205,920	2,931,152	3,715,338	6,646,490	18,852,410

See accompanying notes to financial statements.

AMERICAN INSTITUTE FOR CANCER RESEARCH

Statement of Functional Expenses

Year ended September 30, 2014

	Program services			Supporting services			
	Research	**Public health education**	**Total program services**	**Management and general**	**Fundraising**	**Total supporting services**	**Totals**
Grants	$ 3,217,897	451,039	3,668,936	—	—	—	3,668,936
Postage and delivery	10,840	3,092,138	3,102,978	274,576	1,140,183	1,414,759	4,517,737
Printing and publication	15,687	1,419,450	1,435,137	120,766	380,282	501,048	1,936,185
Data processing	31,695	652,419	684,114	233,574	258,483	492,057	1,176,171
Mailhouse fees	2,011	917,174	919,185	70,898	367,055	437,953	1,357,138
List costs	6,606	213,140	219,746	32,249	73,273	105,522	325,268
Salaries and director fees	346,508	1,600,375	1,946,883	1,149,424	535,192	1,684,616	3,631,499
Professional fees	38,624	1,845,024	1,883,648	222,237	833,237	1,055,474	2,939,122
Occupancy	66,028	322,804	388,832	234,766	110,047	344,813	733,645
Travel and entertainment	189,946	44,286	234,232	16,142	13,517	29,659	263,891
Benefits and payroll taxes	73,088	365,253	438,341	262,802	121,482	384,284	822,625
Pension expense (note 14)	22,659	86,638	109,297	58,567	28,774	87,341	196,638
Office expense	53,886	129,865	183,751	85,848	56,437	142,285	326,036
Depreciation and amortization	5,814	28,422	34,236	20,671	9,689	30,360	64,596
Insurance	2,730	13,347	16,077	9,707	4,550	14,257	30,334
Advertising	17,148	122,407	139,555	20,584	8,487	29,071	168,626
Information technology	105,332	102,140	207,472	38,504	43,189	81,693	289,165
Conferences	57,499	14,208	71,707	1,553	2,163	3,716	75,423
Interest expense	—	—	—	73,799	—	73,799	73,799
WCRF membership dues	—	76,512	76,512	—	—	—	76,512
Miscellaneous	22,465	77,065	99,530	77,057	24,743	101,800	201,330
	$ 4,286,463	11,573,706	15,860,169	3,003,724	4,010,783	7,014,507	22,874,676

See accompanying notes to financial statements.

AMERICAN INSTITUTE FOR CANCER RESEARCH

Statements of Cash Flows

Years ended September 30, 2015 and 2014

		2015	2014
Cash flows from operating activities:			
Change in net assets	$	(567,086)	64,615
Adjustments to reconcile change in net assets to cash and cash equivalents used in operating activities:			
Depreciation and amortization		72,883	64,596
Net loss (gain) on investments		121,880	(356,244)
Contributions from stock gifts		(80,472)	(54,523)
Net loss (gain) on investments held for split-interest agreements		252,593	(71,431)
Net loss on beneficial interest in perpetual trust		30,295	2,925
Contributions received for long-term purposes		(9,349)	(3,830)
Decrease (increase) in assets:			
Accounts receivable		(140,862)	194,718
Due from affiliates		734,830	(666,779)
Bequests receivable		(1,195,455)	416,603
Prepaid expenses		7,842	58,075
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses		(396,055)	287,662
Due to affiliates		(56,901)	136,322
Grants payable		(1,503,154)	1,656,221
Liabilities under charitable gift annuity agreements		55,849	(128,413)
Liabilities under charitable remainder unitrust agreements		(147,833)	547
Accrued benefit cost		(31,605)	266,053
Net cash and cash equivalents (used in) provided by operating activities		(2,852,600)	1,867,117
Cash flows from investing activities:			
Acquisition of furniture, equipment, and leasehold improvements		(30,621)	(79,656)
Purchase of investments		(1,748,131)	(3,034,177)
Proceeds from maturities and sales of investments		2,077,474	2,903,460
Net cash and cash equivalents provided by (used in) by investing activities		298,722	(210,373)
Cash flows from financing activities:			
Permanently restricted contributions received for long-term purposes		9,349	3,830
Net cash and cash equivalents provided by financing activities		9,349	3,830
Net (decrease) increase in cash and cash equivalents		(2,544,529)	1,660,574
Cash and cash equivalents, beginning of year		6,154,784	4,494,210
Cash and cash equivalents, end of year	$	3,610,255	6,154,784

See accompanying notes to financial statements.

(1) The Organization

The American Institute for Cancer Research (the Institute) was incorporated in the District of Columbia in September 1981. The primary objectives of the Institute are to promote, expand, and encourage public knowledge on how the risk of cancer is reduced by healthy food and nutrition, physical activity and weight management, the causes and treatment of cancer in general, and to fund, support, and encourage innovative scientific research as to the causes, prevention, and treatment of cancer.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions; accordingly, the net assets of the Institute and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets 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 Institute and/or the passage of time.

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

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) and changes in donor intent are reported as reclassifications between the applicable classes of net assets.

(b) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

(c) Cash and Cash Equivalents

The Institute maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Institute has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash balances.

Cash equivalents include items that are readily convertible into cash and are stated at cost, which approximates fair value. Cash equivalents of $823,127 and $446,150 at September 30, 2015 and 2014, respectively, consisted of money market accounts and overnight deposits.

(d) Investments

Investments consist of U.S. government and government agency securities, corporate bonds, fixed income and equity mutual funds, common trust funds, and stocks. Investments are exposed to certain risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities and the volatility of capital markets, changes in the value of investment securities could occur in the near term, and these changes could materially differ from the amounts reported in the accompanying financial statements.

(e) Prepaid Expenses

Prepaid expenses consist primarily of prepaid postage, prepaid rent and security deposits.

(f) Property

Expenditures for furniture, equipment, and leasehold improvements are capitalized at cost. Furniture and equipment are depreciated on the straight-line basis over estimated useful lives of three to five years. Leasehold improvements are amortized over the shorter of the asset life or the remaining term of the lease. Donated land is reported at fair value as of the date of donation.

(g) Grants Payable

The Institute recognizes grant expense and the related liability in the year the grant is awarded.

(h) Revenue Recognition

Public support is recorded as revenue when contributions, which include unconditional promises to give (pledges), are received. Temporarily restricted contributions are reported as increases in temporarily restricted net assets and are reclassified to unrestricted net assets when restrictions are met. Temporarily restricted contributions which have restrictions that are satisfied in the year received are reported as increases in unrestricted net assets.

Contributions due in future periods are considered temporarily restricted until the period in which they are due, at which time the restriction is released. Contributions of property are recognized at fair value at the date of contribution.

Bequests are recognized as public support revenues when the underlying will is declared valid by the respective probate court.

Affiliate service fees represent reimbursement for services provided by the Institute to international affiliates (see note 15b) and are recognized as earned.

Program service revenue consists of income from the sale of books and bulk publications and is recognized at the time of sale.

Other revenue consists primarily of mailing list rental revenues, which are recognized at the time of broker distribution of lists to the interested parties.

(Continued)

(i) Functional Allocation of Expenses

The costs of providing programs and services are summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Joint costs of informational materials or activities that included a fundraising appeal have been allocated among fundraising and the appropriate program or management and general functions.

For the year ending September 30, 2015, the Institute's expenses totaled $18,852,410. Of that amount, 9% was spent directly in support of cancer research and 56% of expenses went in support of the Institute's public education programs in cancer prevention. Together, research and public education programs account for 65% of all expenditures by the Institute. Fundraising costs for the year were 20% of total expenses and 15% of expenses went to administrative costs.

For the year ending September 30, 2014, the Institute's expenses totaled $22,874,676. Of that amount, 19% was spent directly in support of cancer research and 50% of expenses went in support of the Institute's public education programs in cancer prevention. Together, research and public education programs account for 69% of all expenditures by the Institute. Fundraising costs for the year were 18% of total expenses and 13% of expenses went to administrative costs.

(j) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

(k) Recent Accounting Pronouncements

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2015-07 "*Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*" (the ASU), which updates existing fair value guidance and amends Accounting Standards Codification 820, "*Fair Value Measurement*". The amendments in the ASU remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value (NAV) per share practical expedient. The ASU is effective for annual reporting periods beginning after December 15, 2016 and early adoption is permitted. The Institute's early adoption of the ASU changed certain disclosures in note 3, but did not have a material impact on its statements of financial position, activities and cash flows.

(l) Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

(3) Investments and Fair Value Measurements

Accounting Standards Codification (ASC) Topic 820 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 quote prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market. Stocks, equity and fixed income mutual funds, and U.S. Treasuries are included in the Institute's Level 1 assets.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs considered observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. U.S. government agency securities and corporate bond obligation related to the Institute's charitable gift annuities are included in the Institute's Level 2 assets. Liabilities under charitable gift annuities and charitable remainder unitrusts are included in the Institute's Level 2 liabilities. Liabilities under charitable gift annuities are recognized for the present value of future cash flows expected to be paid to the donor. These liabilities are adjusted during the term of the annuities for payments, accretion of discounts and changes in life expectancies. Liabilities under charitable remainder unitrusts are recognized as the difference between the fair value of the assets contributed to the trust and the present value of future cash flows expected to be received upon expiration of the trust. These liabilities are adjusted during the term of the trusts for payments, accretion of discounts and changes in life expectancies. The Institute uses Internal Revenue Service discount rates and mortality tables.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. The Institute's beneficial interest in perpetual trust is included in Level 3 assets. The fair value of the Institute's beneficial interest in perpetual trust is measured using the fair value of the assets contributed to the trust as no facts and circumstances indicate that the fair value of the beneficial interest differs from the fair value of the assets contributed to the trust.

The estimated fair value for stocks, U.S. Treasuries, money market funds and mutual funds is based on quoted market prices in active markets at the reporting date multiplied by the quantity on hand. Corporate bond obligations, U.S. government agency securities are valued at the purchase price plus any earned interest as quoted by its custodian bank.

The fair value of accounts receivable, bequests receivable due in one year or less, prepaid expenses, due to/from balances and accounts payable approximate their carrying values based on their short maturities. The Institute did not have any assets or liabilities on a nonrecurring basis as of September 30, 2015 and 2014. Cash equivalents consisting of money market accounts and overnight deposits are included as Level 1 estimates.

The Level 2 fair value estimate of bequests receivable due in excess of one year is based on the present value of estimated future cash flows, which has been measured at the balance sheet date using rates indicative of the market and credit risk associated with the contribution.

The Institute used the NAV or its equivalent to determine the fair value of its underlying investments, which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

The Institute used the NAV to determine the fair value of the State Street Bank and Trust Company S&P SSgA 500® Ex Tobacco Index Non-Lending Common Trust Fund and the State Street Bank and Trust Company Fixed Income Fund for Charitable Trusts, which are common trust funds used for the investment of the Institute's gift annuity. The investment objective of these funds is consistent with the Investment Policy was reviewed and approved by the Board of Directors in September 2010 as discussed in note 12. The investment objective of the Funds are to approximate as closely as practicable, before expenses, the performance of the S&P 500® Ex Tobacco Index over the long term and to obtain both reasonable current income and safety of principal through investment primarily in fixed income securities, respectively.

Redemptions from these funds are permitted daily. There are no unfunded commitments for these investments.

The investment income, net of investment management fees of $45,647 in 2015 and $47,876 in 2014, is $108,801 and $72,637 for the years ended September 30, 2015 and 2014, respectively.

The following tables present a summary of the fair value measurements of the Institute's investments within the fair value hierarchy with a disclosure of the investments measured at NAV to allow reconciliation to the statement of financial position as of September 30:

	Total 2015	Level 1	Level 2	Level 3
Financial assets:				
Operating fund:				
U.S. government agency securities	$ 955,026	—	955,026	—
Equity mutual funds	612,127	612,127	—	—
Common and preferred stock	11,448	11,448	—	—
Total operating fund investments	1,578,601	623,575	955,026	—
Cancer research fund (notes 9 and 10):				
Fixed income mutual funds	440,937	440,937	—	—
Equity mutual funds	598,997	598,997	—	—
Common stock	264,032	264,032	—	—
Total cancer research fund investments	1,303,966	1,303,966	—	—

(Continued)

	Total 2015	Level 1	Level 2	Level 3
Charitable gift annuities (note 4):				
U.S. Treasuries	$ 196,842	196,842	—	—
U.S. government agency securities	111,133	—	111,133	—
Common trust funds – NAV	1,885,684	—	—	—
Total charitable gift annuity investments	2,193,659	196,842	111,133	—
Charitable remainder unitrusts (note 4):				
Equity mutual funds	1,719,701	1,719,701	—	—
Stocks	43,312	43,312	—	—
Fixed income mutual funds	186,575	186,575	—	—
Total charitable remainder unitrusts investments	1,949,588	1,949,588	—	—
Total investments	7,025,814	4,073,971	1,066,159	—
Beneficial interest in perpetual trust (note 4)	352,918	—	—	352,918
Total financial assets	$ 7,378,732	4,073,971	1,066,159	352,918
Financial liabilities (note 4):				
Liabilities under charitable gift annuities	$ 806,517	—	806,517	—
Liabilities under charitable remainder unitrusts	919,043	—	919,043	—
Total financial liabilities	$ 1,725,560	—	1,725,560	—

(Continued)

	Total 2014	Level 1	Level 2	Level 3
Financial assets:				
Operating fund:				
Certificates of deposit	$ 195,244	—	195,244	—
U.S. government agency securities	847,956	—	847,956	—
Equity mutual funds	822,919	822,919	—	—
Common and preferred stock	105,406	105,406	—	—
Total operating fund investments	1,971,525	928,325	1,043,200	—
Cancer research fund (notes 9 and 10):				
Fixed income mutual funds	465,825	465,825	—	—
Equity mutual funds	665,982	665,982	—	—
Common stock	304,028	304,028	—	—
Total cancer research fund investments	1,435,835	1,435,835	—	—
Charitable gift annuities (note 4):				
U.S. Treasuries	138,936	138,936	—	—
U.S. government agency securities	110,363	110,363	—	—
Common trust funds – NAV	1,790,317	—	—	—
Total charitable gift annuity investments	2,039,616	249,299	—	—
Charitable remainder unitrusts (note 4):				
Equity mutual funds	1,818,945	1,818,945	—	—
Stocks	61,108	61,108	—	—
Fixed income mutual funds	322,129	322,129	—	—
Total charitable remainder unitrusts investments	2,202,182	2,202,182	—	—
Total investments	7,649,158	4,815,641	1,043,200	—
Beneficial interest in perpetual trust (note 4)	383,213	—	—	383,213
Total financial assets	$ 8,032,371	4,815,641	1,043,200	383,213
Financial liabilities (note 4):				
Liabilities under charitable gift annuities	$ 750,668	—	750,668	—
Liabilities under charitable remainder unitrusts	1,066,876	—	1,066,876	—
Total financial liabilities	$ 1,817,544	—	1,817,544	—

In 2015, the decrease in the Institute's beneficial interest in perpetual trusts of $30,295 reflects investment loss of $11,003 and distributions of $19,292. In 2014, the decrease in the Institute's beneficial interest in perpetual trusts of $2,925 reflects investment gains of $16,707 and distributions of $19,632.

(4) Split-Interest Agreements

The Institute is the beneficiary of various split-interest agreements, including charitable gift annuities (for which State Street Bank and Trust, Co. acts as trustee), charitable remainder unitrusts (for which the Institute acts as the trustee), and a perpetual trust (for which Wilmington Trust (formerly M&T Bank) acts as the trustee).

Under charitable gift annuity agreements, the Institute pays a fixed annuity amount for the life of the beneficiary, and receives the remaining assets upon the beneficiary's death, as set forth in the annuity agreements. Under charitable remainder unitrust agreements, the donor establishes and funds a trust. As trustee, the Institute makes specified distributions to designated beneficiaries over the trust term. Upon termination of the trust, the Institute receives all or a portion of the remaining trust assets, as set forth in the trust agreement. Under the perpetual trust, the assets are held by a trustee and the Institute receives specified income in perpetuity.

The assets held in charitable remainder unitrusts, charitable gift annuities, and perpetual trusts are stated at fair value. Recorded liabilities to beneficiaries represent the present value of the estimated future payments based on actuarial assumptions. Discount rates based on the most recent tables available from the Internal Revenue Service at the dates of the gifts were used to calculate the initial liabilities. Liabilities are updated annually based on changes in life expectancies and discount rates and the changes in value are reported as change in value of split-interest agreement liability in the statements of activities. At September 30, 2015 and 2014, the discount rates used to value liabilities under charitable gift annuities and charitable remainder unitrusts was 2.2%.

Contribution revenue is recognized based on the net amount of the assets and liabilities of split-interest agreements received in a given period, and the changes in the values of agreements received in prior years. Contribution revenue was $150,732 and $121,402 for the years ended September 30, 2015 and 2014, respectively. Distributions were $185,007 and $184,336 for the years ended September 30, 2015 and 2014, respectively.

In accordance with New Jersey state regulations for gift annuities, the Institute maintains segregated assets of $100,000 related to specific gifts, included in investments at September 30, 2015 and 2014.

The September 30 balances related to the Institute's split-interest agreements were:

		2015	2014
Charitable gift annuities:			
Cash and cash equivalents	$	2,762	31,433
Investments:			
U.S. Treasuries		196,842	138,936
U.S. government agency securities		111,133	110,363
Common trust funds		1,885,684	1,790,317
Total charitable gift annuities	$	2,196,421	2,071,049
Liabilities under charitable gift annuities	$	806,517	750,668
Charitable remainder unitrusts:			
Cash and cash equivalents	$	40,385	23,687
Investments:			
Equity mutual funds		1,719,701	1,818,945
Stocks		43,312	61,109
Fixed income mutual funds		186,575	322,128
Total charitable remainder unitrusts	$	1,989,973	2,225,869
Liabilities under charitable remainder unitrusts	$	919,043	1,066,876
Perpetual trust:			
Cash and cash equivalents	$	13,083	15,247
Investments:			
Fixed income mutual funds		91,369	101,179
Equity mutual funds		248,466	266,787
Total beneficial interest in perpetual trust	$	352,918	383,213
Net loss on investment in perpetual trust	$	(30,295)	(2,925)

(5) Bequests Receivable

Bequests receivable consists of the following as of September 30:

		2015	2014
Unconditional bequests expected to be collected:			
One year or less	$	1,888,836	493,381
One year to five years		500,000	700,000
	$	2,388,836	1,193,381

(6) Property

Property consists of the following as of September 30:

		2015	2014
Donated land	$	5,900	5,900
Furniture and fixtures		59,232	49,027
Equipment		302,418	282,003
Leasehold improvements		78,296	78,296
		445,846	415,226
Less accumulated depreciation and amortization		317,056	244,174
	$	128,790	171,052

(7) Grants Payable

The Institute awards grants for cancer research to various scientific projects and research facilities. Grants are awarded by the Board of Directors upon the recommendation of a Grant Review Panel, which is separate from the Board. The responsibility of the Grant Review Panel is to review grant requests and consult with the Board of Directors during the grant approval process. The Grant Review Panel is subject to a conflict of interest policy under which a member is disqualified from evaluating any grant proposal submitted by an organization or institution with which the particular member is affiliated.

Grants payable at September 30, 2015 are scheduled to be funded in future fiscal years as follows:

2016	$	1,957,305
2017		821,174
2018		58,726
	$	2,837,205

(8) Line of Credit

The Institute entered into a $1,000,000 revolving line of credit agreement with a financial institution bearing interest at LIBOR plus 1.75%. At September 30, 2015 and 2014, this interest rate was 1.91%. There were no outstanding advances against the line of credit at September 30, 2015 and 2014, and this line of credit is subject to renewal on an annual basis.

(9) Board Designated Net Assets

The Board has designated certain unrestricted funds to be part of the Institute’s Cancer Research Fund. Annual distributions from the Cancer Research Fund, which are approximately 10% of its cumulative balance, support grants awarded by the Institute.

(10) Temporarily Restricted Net Assets

Temporarily restricted net assets were composed of the following at September 30:

		2015	2014
Purpose restrictions:			
Cancer Research Fund	$	790,280	907,879
Time restrictions:			
Held under split-interest agreements		1,169,170	1,257,234
Bequests receivable		2,388,836	1,193,381
	$	4,348,286	3,358,494

Net assets related to split-interest agreements are reported as temporarily restricted until the gift matures. Bequests recognized as revenue that will be collected in future periods are reported as temporarily restricted until the period they are collected.

(11) Permanently Restricted Net Assets

Permanently restricted net assets were composed of the following at September 30:

		2015	2014
Beneficial interest in perpetual trust	$	352,918	383,213
Endowments		463,377	454,028
	$	816,295	837,241

(12) Endowment Net Assets

The Institute adopted the provisions of FASB ASC 958-205-50-1A, *Reporting Endowment Funds*. These provisions provide guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (the Act) and also require disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The Institute's endowments are pooled with 15 individual funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds, donor-restricted funds, and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Institute has interpreted the Act as requiring the preservation of the fair market value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Institute classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the Institute considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Institute and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Institute, and (7) the investment policies of the organization.

The Institute's Investment Policy contains a section on donor-restricted funds which includes the following: the classification of restricted gifts, the investment of restricted gifts, the definition of income earned, and the calculation of annual distributions. The classifications of restricted gifts are outlined in note 2. Gifts are pooled and invested to ensure assets increase over time thereby enhancing the funds' long-term health and fiscal viability. The Institute relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The Institute targets a diversified asset allocation that utilizes fixed income and equity-based investments to achieve its long-term objectives within prudent risk constraints. Income earned includes interest, dividends, and realized/unrealized gains and losses unless otherwise specified by the donor. Distributions are made annually at a rate not to exceed 5% of the average fair market value of the permanently restricted funds, calculated on the basis of market values determined annually and averaged over a period of three years immediately preceding the year for which the distribution is to be made. Annual distributions are also made at a rate not to exceed 10% of the fair market value of the temporarily restricted and board-designated funds. The most recent Investment Policy was reviewed and approved by the Board of Directors in September 2010.

Endowment Net Assets Composition by Type of Fund as of September 30, 2015:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$	5,336	790,280	463,377	1,258,993
Board-designated endowment funds		11,109	—	—	11,109
Total funds	$	16,445	790,280	463,377	1,270,102

Changes in Endowment Net Assets for the Fiscal Year ended September 30, 2015:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$	17,438	907,879	454,028	1,379,345
Investment return:					
Investment income		2,107	36,942	—	39,049
Gains and losses (realized and unrealized)		1,151	(54,269)	—	(53,118)
Total investment return (loss)		3,258	(17,327)	—	(14,069)
Contributions		—	7,673	9,349	17,022
Appropriation of endowment assets for expenditure		(4,251)	(107,945)	—	(112,196)
Endowment net assets, end of year	$	16,445	790,280	463,377	1,270,102

Endowment Net Assets Composition by Type of Fund as of September 30, 2014:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$	6,891	907,879	454,028	1,368,798
Board-designated endowment funds		10,547	—	—	10,547
Total funds	$	17,438	907,879	454,028	1,379,345

(Continued)

Changes in Endowment Net Assets for the Fiscal Year ended September 30, 2014:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$	16,508	913,330	450,198	1,380,036
Investment return:					
Investment income		1,677	30,088	—	31,765
Gains and losses (realized and unrealized)		3,463	72,259	—	75,722
Total investment return		5,140	102,347	—	107,487
Contributions		—	8,149	3,830	11,979
Appropriation of endowment assets for expenditure		(4,210)	(115,947)	—	(120,157)
Endowment net assets, end of year	$	17,438	907,879	454,028	1,379,345

Funds in Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of the gift donated to the permanent endowment. Deficiencies of this nature are reported as temporarily restricted net assets. At September 30, 2015 and 2014, the Institute had deficiencies of $16,755 and $8,376, respectively, reported as temporarily restricted net assets. These deficiencies were a result of unfavorable market activity. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in temporarily restricted net assets.

(13) Income Taxes

The Institute is recognized as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code on income other than unrelated business income. No provision for income taxes is required as of September 30, 2015 and 2014 since the Institute had no unrelated business income. The Institute has been recognized by the Internal Revenue Service as a publicly supported organization and is therefore not a private foundation. Management annually reviews its tax position and has determined that there are no uncertain tax positions that require recognition in the financial statements.

(14) Employee Benefits

(a) Defined Contribution Plan

The Institute sponsors a defined contribution retirement plan for those employees who have completed one year of service with the Institute. Employees vest in the retirement plan at a rate of 20% a year until fully vested. The minimum number of hours required for eligibility is 1,000 hours worked in a plan year. The age of eligibility for participation in the plan is age 18. Employees may borrow a percentage of their vested account balance.

During 2015 and 2014, the Board of Directors authorized a contribution by the Institute of 0% and 5%, respectively, of each qualified employee's fiscal year salary. Retirement plan contribution for the years ended September 30, 2015 and 2014 was $0 and $165,716, respectively.

(b) Defined Contribution 403(b) Plan

The Institute also provides a defined contribution 403(b) retirement plan to all employees. Participants may elect to contribute a portion of their pre-tax compensation to the plan. Annual contributions may not exceed the limits prescribed by Internal Revenue Code Section 402(g). Employees are eligible for this plan upon employment, and immediately have a fully vested interest in their contributions. The Institute does not make contributions to this plan.

(c) Employment Agreements

To retain the services of a key employee, the Institute entered into an employment agreement in 2011. This agreement provides for annual compensation and other compensation such as bonuses, supplemental retirement, and other benefits.

In accordance with ASC Topic 715, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, the gains or losses and prior service costs that arise during the period but are not recognized as components of net periodic benefit costs are recognized separately on the statement of activities as pension related changes other than net periodic benefit costs.

The components of accrued benefit costs and net periodic benefit costs for other postretirement benefits as of September 30 are as follows:

		2015	2014
Change in benefit obligation:			
Benefit obligation at beginning of year	$	767,492	501,439
Service cost		41,461	32,293
Interest cost		34,134	24,908
Actuarial (gain)/loss		(105,569)	208,852
Benefits paid		(1,631)	—
Benefit obligation at end of year		735,887	767,492
Funded status at end of year		(735,887)	(767,492)
Accrued benefit cost	$	(735,887)	(767,492)

The funded status is included in accrued benefit cost in the accompanying statements of financial position. The Institute uses an annual measurement date of September 30 to determine benefit obligations for the plan.

In October 2015, the Society of Actuaries released new data regarding observed mortality rate improvements since 2000 (the RP-2014 Mortality Tables and the MP-2015 Mortality Improvement Scale). The updated mortality tables and the scale were considered by the Institute and adopted as of September 30, 2015.

(Continued)

For the years ended September 30, 2015 and 2014, the benefit obligations were calculated using a discount rate of 4.28% and 4.26%, respectively, and the net periodic benefit cost was calculated using a discount rate of 4.26% and 5.10%, respectively. The rate of future compensation increases is estimated at 3% for the years ended September 30, 2015 and 2014.

		2015	2014
Net periodic benefit cost:			
Service cost	$	41,461	32,293
Interest cost		34,134	24,908
Amortization of net loss(gain)		1,996	(26,278)
Net periodic benefit cost	$	77,591	30,923

The estimated prior service cost and net loss for the defined benefit pension plan that will be amortized into net periodic benefit cost over the next fiscal year is $0 and $0, respectively.

		2015	2014
Pension related changes other than net periodic benefit cost consist of:			
Net gain (loss)	$	107,565	(235,130)
Items not yet recorded as a component of net periodic benefit cost:			
Net gain (loss)	$	(53,967)	53,598

The benefits expected to be paid for future years ending September 30 are as follows:

2016	$	—
2017		—
2018		—
2019		—
2020		1,346,900

(15) Related Parties

(a) Fundraising and Professional Services

Direct Response Consulting Services (DRCS) provides fundraising and other professional services to the Institute. The Institute's management performs a periodic review of amounts paid for fundraising services and believes that the payments are comparable to or less than payments that would be made to unrelated parties for such services. DRCS is owned by the founders of the Institute who are not currently Board Members. Under the Institute's governing legal instruments, the above individuals may not vote to elect or remove members of the Board of Directors while under a service contract with the Institute and for a period of three years thereafter.

For the years ended September 30, 2015 and 2014, the Institute incurred expenses of approximately $501,000 and $565,000, respectively, for fundraising and other professional services, for which payment was made to DRCS and DRCS' related companies. As of September 30, 2015 and 2014, the Institute owed an outstanding payable balance to DRCS and DRCS' related companies of approximately $9,745 and $6,500, respectively.

(b) Affiliated Charities

The Institute operates jointly with affiliates in the United Kingdom, through the World Cancer Research Fund (WCRF United Kingdom – founded 1990); in the Netherlands, through the Stichting Wereld Kanker Onderzoek Fonds (WCRF Netherlands – founded 1994); and in Hong Kong, through the World Cancer Research Fund Limited (WCRF Hong Kong – founded 1997). These organizations promote, fund, support, and encourage research and public education as to the causes and treatment of cancer for the general benefit of the public.

In 2000, the Institute entered into a written membership agreement with the World Cancer Research Fund International (WCRF International). As part of this membership agreement, the Institute will pay membership dues in return for services being provided by WCRF International. WCRF International is an umbrella association comprised of AICR and the WCRF entities. In 2015 and 2014, the Institute paid dues of $84,091 and $76,512 to WCRF International (USD equivalent of £50,000), respectively.

WCRF International also signed membership agreements with WCRF United Kingdom, WCRF Netherlands, and WCRF Hong Kong. These entities are each affiliated charities of the Institute, but are not consolidated by the Institute under U.S. generally accepted accounting principles.

WCRF International is funded by contributions from the Institute and its affiliates. In 2015 and 2014, the Institute paid contributions totaling $403,618 and $481,032, respectively, to WCRF International. The Institute also provided services to WCRF International and recognized related affiliate service fees of $1,058,616 in 2015 and $1,015,104 in 2014. The cost of services incurred by the Institute and billed to WCRF International are allocated among research, public health education, management and general, and fundraising based upon the service provided.

When necessary, the Institute will make payments to U.S. vendors on behalf of WCRF affiliates who purchase goods or services in the U.S. The Institute is reimbursed by the respective affiliate for the payment and does not report revenue or expense associated with these transactions.

(Continued)

The affiliate transactions described above are recorded in the due from affiliates and due to affiliates in the statements of financial position. The summary activity in these accounts for the years ended September 30 is as follows:

	2015				
	WCRF International	WCRF United Kingdom	WCRF Netherlands	WCRF Hong Kong	Totals
Beginning balance	$ 1,098,545	(164,752)	9,517	(1,847)	941,463
Reimbursed expenses	121,448	57,369	46,766	26,939	252,522
Dues	(84,091)	—	—	—	(84,091)
Contributions	(403,618)	—	—	—	(403,618)
Service fee	1,058,616	—	—	—	1,058,616
Payments received	(1,490,640)	(2,315)	—	(8,403)	(1,501,358)
Ending balance	$ 300,260	(109,698)	56,283	16,689	263,534

	2014				
	WCRF International	WCRF United Kingdom	WCRF Netherlands	WCRF Hong Kong	Totals
Beginning balance	$ 347,468	(22,189)	93,815	(8,088)	411,006
Reimbursed expenses	263,524	59,646	36,451	6,241	365,862
Dues	(76,512)	—	—	—	(76,512)
Contributions	(451,039)	(200,000)	—	—	(651,039)
Service fee	1,015,104	—	—	—	1,015,104
Payments received	—	(2,209)	(120,749)	—	(122,958)
Ending balance	$ 1,098,545	(164,752)	9,517	(1,847)	941,463

(16) Allocation of Joint Costs

The Institute incurred joint costs of $8,194,039 and $9,779,737 in 2015 and 2014, respectively, for informational materials used for direct mail, telemarketing, and other campaigns that included fundraising appeals. In fiscal year 2015, $2,525,643 was allocated to fundraising, $5,217,370 was allocated to education, and $451,026 was allocated to management and general expense. In fiscal year 2014, $2,845,536 was allocated to fundraising, $6,470,604 was allocated to education, and $463,597 was allocated to management and general expense.

(17) Lease Commitments

The Institute entered into an operating lease agreement for its headquarters located in Washington, D.C. in 2012. The Institute leases the building and related improvements under a 10-year lease agreement with an option to cancel the lease with one year's notice any time after September 8, 2017. The rental cost of the headquarters includes a base rental, real estate and personal property taxes, and other operating costs associated with the building. The lease agreement includes provisions for fixed rent escalations and building operating costs. Rent expense was approximately $728,420 in 2015 and $709,053 in 2014.

Future minimum payments under the noncancelable portion of the lease for years ending September 30 are as follows:

2016	$	722,000
2017		736,000
	$	1,458,000

(18) Subsequent Events

The Institute has evaluated subsequent events from September 30, 2015 through February 5, 2016, the date the financial statements were available to be issued, and determined that there were no items to disclose.