



Fanconi Anemia
RESEARCH FUND, INC.

FANCONI ANEMIA RESEARCH FUND, INC.

Report of Independent Auditors and Financial Statements

For the Year Ended December 31, 2015

(With Summarized Comparative Information for the Year Ended December 31, 2014)

Fanconi Anemia Research Fund, Inc.

**Report of Independent Auditor and Financial Statements
For the Year Ended December 31, 2015
(With Summarized Comparative Information for the Year Ended December 31, 2014)**

Fanconi Anemia Research Fund, Inc.
Year Ended December 31, 2015
Table of Contents

Independent Auditor's Report	1 - 2
 FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the financial statements	7 - 10
Supplemental Schedule of Grants Awarded	11



Independent Auditor's Report

To the Board of Directors
Fanconi Anemia Research Fund, Inc.
Eugene, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of Fanconi Anemia Research Fund, Inc., which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 Fanconi Anemia Research Fund, Inc. as of December 31, 2015, and the changes in its net assets, functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of grants awarded on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Fanconi Anemia Research Fund, Inc.'s 2014 financial statements and we expressed an unmodified audit opinion on those financial statements in our report dated April 07, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Isler CPA
March 16, 2016

FINANCIAL STATEMENTS

Fanconi Anemia Research Fund, Inc.
Statement of Financial Position
December 31, 2015
(With Summarized Comparative Information December 31, 2014)

	ASSETS	
	2015	2014
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,394,290	\$ 910,778
Other current assets	1,807	3,007
Prepaid expenses	1,126	1,763
Total current assets	1,397,223	915,548
Investments	4,714,697	4,026,746
Equipment, net	-	4,346
Total assets	\$ 6,111,920	\$ 4,946,640
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 3,698	\$ 4,357
Grants payable, current	729,442	580,738
Payroll accrual	-	8,686
Vacation accrual	9,126	9,126
Total current liabilities	742,266	602,907
Grants payable, noncurrent	231,009	206,050
Total liabilities	973,275	808,957
NET ASSETS		
Unrestricted:		
Undesignated	2,670,843	4,137,683
Board designated	1,467,802	-
Temporarily restricted	1,000,000	-
Total net assets	5,138,645	4,137,683
Total net assets and liabilities	\$ 6,111,920	\$ 4,946,640

See accompanying notes to financial statements

Fanconi Anemia Research Fund, Inc.
Statement of Activities
For the Year Ended December 31, 2015
(With Summarized Comparative Information for the Year Ended December 31, 2014)

	David B. Frohnmayer Scientific Research Fund			2015 Total	2014 Comparative Total
	Unrestricted		Temporarily Restricted		
	Undesignated	Board Designated			
REVENUES AND SUPPORT					
Contributions and grants	\$ 2,080,364	\$ 298,034	\$ 1,000,000	\$ 3,378,398	\$ 1,719,329
Net investment income (loss)	(65,665)	-	-	(65,665)	7,572
Other income	<u>24,622</u>	<u>-</u>	<u>-</u>	<u>24,622</u>	<u>15,366</u>
Total revenue and support	<u>2,039,321</u>	<u>298,034</u>	<u>1,000,000</u>	<u>3,337,355</u>	<u>1,742,267</u>
EXPENSES					
Program services:					
Research	830,232	830,232	-	1,660,464	1,319,292
Family support	<u>276,851</u>	<u>-</u>	<u>-</u>	<u>276,851</u>	<u>410,659</u>
Total program services	<u>1,107,083</u>	<u>830,232</u>	<u>-</u>	<u>1,937,315</u>	<u>1,729,951</u>
Support services:					
Management and general	207,005	-	-	207,005	129,989
Fundraising	<u>192,073</u>	<u>-</u>	<u>-</u>	<u>192,073</u>	<u>109,893</u>
Total support services	<u>399,078</u>	<u>-</u>	<u>-</u>	<u>399,078</u>	<u>239,882</u>
Total expenses	<u>1,506,161</u>	<u>830,232</u>	<u>-</u>	<u>2,336,393</u>	<u>1,969,833</u>
CHANGE IN NET ASSETS	533,160	(532,198)	1,000,000	1,000,962	(227,566)
Net Assets, beginning of year	4,137,683	-	-	4,137,683	4,365,249
Transfer of board designated net assets	<u>(2,000,000)</u>	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets, end of year	<u>\$ 2,670,843</u>	<u>\$ 1,467,802</u>	<u>\$ 1,000,000</u>	<u>\$ 5,138,645</u>	<u>\$ 4,137,683</u>

See accompanying notes to financial statements

Fanconi Anemia Research Fund, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2015
(With Summarized Comparative Information for the Year Ended December 31, 2014)

	Program Services			Support Services			2014 Total Expenses
	Research	Family Support	Total Program Services	Management and General	Fundraising	Total Support Services	
Research grants	\$ 1,124,784	\$ -	\$ 1,124,784	\$ -	\$ -	\$ -	\$ 809,450
Conferences and meetings	336,357	76,619	412,976	12,460	7,664	20,124	510,272
Payroll	115,714	71,379	187,093	86,421	33,640	120,061	292,073
Special projects	-	5,728	5,728	-	58,390	58,390	52,327
Payroll tax and benefits	27,859	17,092	44,951	12,317	8,608	20,925	56,343
Research materials	10,687	-	10,687	-	-	-	9,184
Printing	1,260	55,355	56,615	1,034	10,397	11,431	47,762
Postage	7,034	19,111	26,145	3,547	5,124	8,671	36,523
Accounting	-	-	-	15,010	-	15,010	14,495
Supplies	3,201	3,097	6,298	-	1,295	1,295	14,367
Rent	8,100	8,100	16,200	3,472	3,472	6,944	19,318
Computer and equipment	5,687	8,786	14,473	11,074	2,454	13,528	24,172
Miscellaneous	6,734	6,796	13,530	30,330	54,993	85,323	21,681
Office expenses	864	1,106	1,970	4,572	1,137	5,709	7,446
Physician recruiting	7,709	-	7,709	-	-	-	16,141
Depreciation and amortization	-	-	-	4,346	-	4,346	8,748
Legal	-	-	-	1,233	-	1,233	-
Advertising	-	-	-	446	-	446	495
Telephone	1,321	3,046	4,367	1,146	-	1,146	5,481
Bank charges	68	68	136	11,668	29	11,697	9,453
Licenses and permits	-	-	-	-	4,753	4,753	4,700
Insurance	3,085	274	3,359	5,834	117	5,951	7,924
Maintenance	-	294	294	2,095	-	2,095	1,478
Total	\$ 1,660,464	\$ 276,851	\$ 1,937,315	\$ 207,005	\$ 192,073	\$ 399,078	\$ 1,969,833

See accompanying notes to financial statements.

Fanconi Anemia Research Fund, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2015
(With Summarized Comparative Information for the Year Ended December 31, 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,000,962	\$ (227,566)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation and amortization	4,346	8,748
Unrealized loss on investments	64,867	25,080
Donated securities received	(288,818)	(218,008)
Changes in:		
Other current assets	1,200	(2,627)
Prepaid expenses	637	(110)
Accounts payable	(659)	3,658
Payroll accrual	(8,686)	(17,661)
Vacation accrual	-	4,152
Grants payable	<u>173,663</u>	<u>(141,874)</u>
Net cash flow from operating activities	<u>947,512</u>	<u>(566,208)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,324,161)	(29,100)
Proceeds from sale of investments	860,161	450,000
Equipment acquired	<u>-</u>	<u>(5,433)</u>
Net cash flow from investing activities	<u>(464,000)</u>	<u>415,467</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	483,512	(150,741)
Cash and cash equivalents, beginning of year	<u>910,778</u>	<u>1,061,519</u>
Cash and cash equivalents, end of year	<u>\$ 1,394,290</u>	<u>\$ 910,778</u>
Schedule of noncash investing activities:		
Investment income reinvested, net of fees	<u>\$ 44,319</u>	<u>\$ 29,100</u>

See accompanying notes to financial statements

Fanconi Anemia Research Fund, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2015
(With Summarized Comparative Information for the Year Ended December 31, 2014)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities - Fanconi Anemia Research Fund, Inc. (the "Organization") is a nonprofit organization incorporated in the State of Oregon on February 27, 1989. The Organization was established to fund research into a cure or effective treatment of victims of Fanconi Anemia and to offer support services to affected families. The primary funding sources are contributions from individuals and foundations.

The Organization's current programs consist of the following:

Research - This program supports various scientific studies, which may lead to a cure or effective treatment for Fanconi Anemia, and education on the progress of current research.

Family Support - This program provides support to Fanconi Anemia families through education and networking.

Basis of presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP"). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets include amounts designated by the board of directors for specified purposes. During 2015 the board established the David B. Frohnmayer Scientific Research Fund. The board designated \$2 million of unrestricted net assets for the research fund. Donor contributions to the Fund are considered temporarily restricted.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. As of December 31, 2015 and 2014, the Organization had no permanently restricted net assets.

Cash and cash equivalents - For purposes of the Statement of Cash Flows, the Organization considers highly liquid investments, that are not held in brokerage accounts, that are available for current use with an initial maturity of three months or less to be cash equivalents. Total cash balances are insured by the FDIC up to \$250,000 per bank. Fanconi Anemia Research Fund, Inc. had bank deposits at December 31, 2015 that exceeded insured amounts by \$1,103,482.

Investments - Investments are carried at fair value. Net appreciation (decline) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (decline) of those investments, is reported in the statement of activities.

Fair value of financial instruments - All of the Organization's financial instruments are considered Level 1 in the following fair value hierarchy. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data;

Level 3 - Significant unobservable inputs for assets or liabilities.

Fanconi Anemia Research Fund, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2015
(With Summarized Comparative Information for the Year Ended December 31, 2014)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment - The Organization follows the practice of capitalizing equipment in excess of \$5,000 and having a useful life of more than one year. Purchased equipment is recorded at cost. Donated equipment is recorded at its estimated fair market value on the date of gift. When equipment is retired, sold, or otherwise disposed of, the asset's carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations.

Depreciation is computed over the estimated useful lives of the equipment using the straight-line method.

Contributions - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increase those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Donated materials and services - The Organization receives donated services from a variety of unpaid volunteers assisting the Organization in its program services and fundraising campaigns. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort have not been satisfied. Donated materials and supplies are reflected as unrestricted support unless explicit donor stipulations specify how donated assets must be used.

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

Expense allocation - The expenses of the Organization are categorized as either program services or supporting services. Program services include direct and indirect costs related to providing the services and activities for which purpose the Organization exists. Supporting services include administration and fundraising activities. Administration expenses relate to the overall direction of the Organization, including board activities, general record keeping, business management, and budgeting. Fundraising expenses relate to the solicitation of contributions to support organizational goals.

Income taxes - Fanconi Anemia Research Fund, Inc. is exempt from income taxes under Internal Revenue Code ("IRC") Section 501(c)(3) and is not a private foundation within the meaning of the IRC and as an entity that qualifies for deductible contributions. Accordingly, no provision has been made for income taxes in the financial statements. The Organization considers any uncertain tax positions consistent with GAAP.

Comparative financial information - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles; accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Subsequent events - The Organization has evaluated subsequent events through March 16, 2016 which is the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

Fanconi Anemia Research Fund, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2015
(With Summarized Comparative Information for the Year Ended December 31, 2014)

NOTE 2 - INVESTMENTS

The Organization's investments, which are carried at fair value, consist of the following at December 31, 2015 and 2014.

	2015	2014
US equities	\$ 427,665	\$ 505,631
International equities	273,369	286,278
Corporate bonds	-	290,307
Tips bond ETF's	1,201,368	991,289
Equity REIT's	227,561	190,788
Cash, CD's, and sweeps	2,584,734	1,762,453
Total investments	\$ 4,714,697	\$ 4,026,746

Investment loss of \$(65,665) includes interest income of \$5,693 less fees of \$13,322 and a loss in value of \$58,036.

NOTE 3 - EQUIPMENT

Equipment consists of the following at December 31:

	2015	2014
Office equipment	\$ 96,236	\$ 96,236
Less: Accumulated depreciation	(96,236)	(91,890)
Equipment, net	\$ -	\$ 4,346

NOTE 4 - GRANTS PAYABLE

The Organization has entered into contracts for grants to researchers that will be made in installments over the terms of the contracts. Accordingly, the grant payments are classified as current and long-term as follows at December 31:

	2015	2014
Grants payable - current portion	\$ 729,442	\$ 580,738
Grants payable - noncurrent portion	231,009	206,050
Total	\$ 960,451	\$ 786,788

NOTE 5 - NET ASSETS

Board-designated. In 2015 the Board of Directors established the David B. Frohnmayer Scientific Research Fund and designated a minimum of \$2 million of unrestricted net assets to ensure that there will be adequate resources for grant commitments and science expenses for each calendar year. In addition to the \$2 million transfer of undesignated funds, FARF recognized \$298,034 of current year donations as additional designated net assets for this purpose. Funds are designated but not limited to funding for scientific research projects, the annual scientific symposium, and personnel costs for the Science Director position. The Board allocated \$830,232 of program expenses which reduced the designated net asset balance during 2015.

Temporarily restricted net assets. Net assets include a \$1 million donor-restricted donation received during the year for cancer research within the David B. Frohnmayer Scientific Research Fund.

Fanconi Anemia Research Fund, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2015
(With Summarized Comparative Information for the Year Ended December 31, 2014)

NOTE 6 - LEASES

The Organization rents office space under an agreement that is accounted for as an operating lease. The base rent is \$1,610 with an inflation adjustment based on the CPI for Portland with any increase not to exceed 3% per year. The original lease has been extended and currently expires in March 2020. The extension agreement includes a clause allowing for early termination with six months notice of intent. Rent expense was \$23,144 and \$19,318 for the years ended December 31, 2015 and 2014, respectively.

NOTE 7 - RETIREMENT PLAN

The Organization has an IRS Section 403(b)(7) plan ("Fanconi Anemia Research Fund, Inc. Retirement Plan") that covers eligible employees, as defined by the plan. Employees are eligible immediately upon becoming employed and may elect to have elective deferrals up to the maximum amount allowed by law to the plan each year, but not less than \$200 annually. The employer provides a 100% match of employee contributions up to a maximum match of \$2,000 per year. Retirement plan expense was \$10,100 for the year.

NOTE 8 - COMMITMENTS

The Organization has entered into several contractual agreements securing hotel accommodations for future conferences. These agreements often contain cancellation clauses that would require the Organization to pay some portion of the contracted fees if a future conference were cancelled or relocated. The possibility of cancellation of future conferences is remote and the potential financial impact of cancellation has been deemed to be not material. Therefore, no liability has been accrued.

NOTE 9 - CONCENTRATIONS

Included in contributions and grants were \$1,986,773 of contributions attributable to the efforts of a related party fundraiser. These contributions comprise 59% of total 2015 revenue. Expenses related to this fundraiser were \$2,162.

SUPPLEMENTARY INFORMATION

Fanconi Anemia Research Fund, Inc.
Schedule of Grants Awarded
Year Ended December 31, 2015

<u>Grant recipient</u>	<u>Grant payable at beginning of year</u>	<u>Grants awarded during the year</u>	<u>Grants paid during the year</u>	<u>Grant payable at end of year</u>	<u>Payable in next year</u>	<u>Payable after one year</u>
Bagby	\$ 53,217	\$ -	\$ (53,217)	\$ -	\$ -	\$ -
McKenzie	23,180	-	(23,180)	-	-	-
Taylor	37,869	-	(37,869)	-	-	-
Teles	17,959	-	(17,959)	-	-	-
D'Andrea	50,000	-	(50,000)	-	-	-
Deans	88,100	-	(88,100)	-	-	-
Sclafani	17,500	-	(17,500)	-	-	-
Smogorzewska	111,150	-	(74,100)	37,050	37,050	-
Taniguchi	175,000	-	(100,000)	75,000	75,000	-
Yigal	188,000	-	(70,500)	117,500	117,500	-
Dietrich and Velleuer **	24,813	-	(24,813)	-	-	-
Van de Vrugt, Henri	-	125,000	(125,000)	-	-	-
Yu, Rui	-	160,000	(40,000)	120,000	80,000	40,000
Woods, Nicholas	-	175,000	(43,750)	131,250	87,500	43,750
Grompe, Markus	-	81,208	(40,604)	40,604	40,604	-
Kamimae-Lanning,	-	100,000	(50,000)	50,000	50,000	-
Ashley						
Flemming, William	-	392,690	(49,086)	343,604	196,345	147,259
Mackenzie, Ian	-	90,886	(45,443)	45,443	45,443	-
Total	<u>\$ 786,788</u>	<u>\$ 1,124,784</u>	<u>\$ (951,121)</u>	<u>\$ 960,451</u>	<u>\$ 729,442</u>	<u>\$ 231,009</u>

** Service grant