

THE SAMUEL WAXMAN CANCER RESEARCH  
FOUNDATION, INC.

AUDITED FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION

YEARS ENDED JUNE 30, 2009 AND 2008  
WITH INDEPENDENT AUDITORS' REPORT

THE SAMUEL WAXMAN CANCER  
RESEARCH FOUNDATION, INC.  
FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Samuel Waxman Cancer Research Foundation, Inc.:

We have audited the accompanying comparative statement of financial position of The Samuel Waxman Cancer Research Foundation, Inc. (a nonprofit organization) (the "Foundation") as of June 30, 2009 and 2008, and the related comparative statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Samuel Waxman Cancer Research Foundation, Inc. as of June 30, 2009 and 2008, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on page 16 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Fulvio & Associates LLP*

New York, New York  
September 24, 2009

THE SAMUEL WAXMAN CANCER RESEARCH FOUNDATION, INC.  
 COMPARATIVE STATEMENT OF FINANCIAL POSITION  
 JUNE 30, 2009 AND 2008

ASSETS

	<u>2009</u>	<u>2008</u>
Current assets:		
Cash and cash equivalents:		
Checking account	\$ 117	\$ 287
Money market account	2,705,511	2,556,959
Cash held at broker	<u>-</u>	<u>3,020</u>
Total cash and cash equivalents	<u>2,705,628</u>	<u>2,560,266</u>
Receivables:		
Due from hedge fund	4,779	-
Unrestricted pledges	31,894	60,809
Temporarily restricted pledges (Note 3):	<u>425,000</u>	<u>330,625</u>
Total receivables	<u>461,673</u>	<u>391,434</u>
Prepaid expenses	<u>372,731</u>	<u>396,483</u>
Total current assets	<u>3,540,032</u>	<u>3,348,183</u>
Temporarily restricted long-term pledges receivable (Note 3)	<u>850,000</u>	<u>900,000</u>
Investments:		
Equities (cost: 2008 - \$1,136)	-	1,055
Hedge fund entities (Note 4)	<u>2,712,964</u>	<u>5,383,781</u>
Total investments	<u>2,712,964</u>	<u>5,384,836</u>
Charitable gift annuity (Note 5)	<u>100,000</u>	<u>100,000</u>
Equipment and improvements, net (Note 6)	<u>31,975</u>	<u>52,531</u>
Total assets	<u>\$ 7,234,971</u>	<u>\$ 9,785,550</u>

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

THE SAMUEL WAXMAN CANCER RESEARCH FOUNDATION, INC.  
 COMPARATIVE STATEMENT OF FINANCIAL POSITION  
 JUNE 30, 2009 AND 2008  
 (continued)

LIABILITIES AND NET ASSETS

	<u>2009</u>	<u>2008</u>
Current liabilities:		
Accounts payable and accrued expenses	\$ 15,230	\$ 5,234
Research grants payable (Note 8)	191,797	-
Deferred income	<u>110,790</u>	<u>114,625</u>
Total current liabilities	<u>317,817</u>	<u>119,859</u>
Net assets:		
Unrestricted	4,358,391	7,354,026
Restricted (Note 10):		
Temporarily	2,558,763	1,947,471
Permanently	<u>-</u>	<u>364,194</u>
Total net assets	<u>6,917,154</u>	<u>9,665,691</u>
Total liabilities and net assets	<u>\$ 7,234,971</u>	<u>\$ 9,785,550</u>

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

THE SAMUEL WAXMAN CANCER RESEARCH FOUNDATION, INC.  
STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2009  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	2009			2008	
	Unrestricted	Restricted		Total	Total
		Temporarily	Permanently		
Support and revenue					
Support:					
Contributions and grants (Note 1)	\$ 744,628	\$ 1,197,003	\$ -	\$ 1,941,631	\$ 2,353,303
Special events – net of direct costs (Note 9)	<u>1,003,007</u>	<u>-</u>	<u>-</u>	<u>1,003,007</u>	<u>1,812,324</u>
Total support	<u>1,747,635</u>	<u>1,197,003</u>	<u>-</u>	<u>2,944,638</u>	<u>4,165,627</u>
Revenue:					
Interest and dividend income	25,072	-	-	25,072	22,081
Realized gain (loss) on investments and annuities	(1,050)	-	-	(1,050)	(8,769)
Unrealized gain (loss) on investments and annuities	1,251	-	-	1,251	1,794
Realized gain (loss) on sale of hedge fund entities	530,409	-	-	530,409	351,702
Unrealized gain (loss) on investments in hedge fund entities	<u>(1,459,738)</u>	<u>-</u>	<u>-</u>	<u>(1,459,738)</u>	<u>(352,861)</u>
Total revenue	<u>(904,056)</u>	<u>-</u>	<u>-</u>	<u>(904,056)</u>	<u>13,947</u>
Assets released from restrictions	<u>949,905</u>	<u>(585,711)</u>	<u>(364,194)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>1,793,484</u>	<u>611,292</u>	<u>(364,194)</u>	<u>2,040,582</u>	<u>4,179,574</u>
Functional expenses (Schedule A):					
Program service	3,956,387	-	-	3,956,387	3,852,986
Management and general	548,016	-	-	548,016	593,895
Fundraising	<u>284,716</u>	<u>-</u>	<u>-</u>	<u>284,716</u>	<u>153,462</u>
Total expenses	<u>4,789,119</u>	<u>-</u>	<u>-</u>	<u>4,789,119</u>	<u>4,600,343</u>
Increase (decrease) in net assets	(2,995,635)	611,292	(364,194)	(2,748,537)	(420,769)
Net assets:					
June 30, 2008	<u>\$ 7,354,026</u>	<u>\$ 1,947,471</u>	<u>\$ 364,194</u>	<u>\$ 9,665,691</u>	<u>\$10,086,460</u>
June 30, 2009	<u>\$ 4,358,391</u>	<u>\$ 2,558,763</u>	<u>\$ -</u>	<u>\$ 6,917,154</u>	<u>\$ 9,665,691</u>

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

THE SAMUEL WAXMAN CANCER RESEARCH FOUNDATION, INC.  
 COMPARATIVE STATEMENT OF CASH FLOWS  
 FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
(Decrease) in net assets	\$ <u>(2,748,537)</u>	\$ <u>(420,769)</u>
Adjustments to reconcile (decrease) in net assets to net cash (used in) operating activities:		
Depreciation	21,288	31,346
Changes in operating assets and liabilities:		
(Increase)/decrease in assets:		
Due from hedge fund	(4,779)	-
Unrestricted pledges	28,915	(22,359)
Accrued interest	-	337
Temporarily restricted pledges	(94,375)	(198,000)
Prepaid expenses	23,752	(58,667)
Temporarily restricted long-term pledges receivable	50,000	(870,000)
Reserve for research grants	-	1,610,000
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	9,996	(96,959)
Research grants payable	191,797	(1,610,000)
Deferred income	<u>(3,835)</u>	<u>22,050</u>
Net adjustments	<u>222,759</u>	<u>(1,192,252)</u>
Net cash (used in) operating activities	<u>(2,525,778)</u>	<u>(1,613,021)</u>
Cash flows from investing activities:		
Purchase of equipment	(732)	(19,907)
Equities	1,055	(1,055)
U.S. treasury and agency obligations, at fair value	-	3,556,590
Municipal bonds, at fair value	-	100,000
Hedge fund entities	2,670,817	(697,669)
Charitable gift annuity	<u>-</u>	<u>2,165</u>
Net cash provided by investing activity	<u>2,671,140</u>	<u>2,940,124</u>
Net increase in cash	145,362	1,327,103
Cash and cash equivalents:		
Beginning of period	<u>2,560,266</u>	<u>1,233,163</u>
End of period	<u>\$ 2,705,628</u>	<u>\$ 2,560,266</u>

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

THE SAMUEL WAXMAN CANCER RESEARCH FOUNDATION, INC.  
NOTES TO COMPARATIVE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES

The financial statements of The Samuel Waxman Cancer Research Foundation, Inc. (the "Foundation") have been prepared on the accrual basis of accounting. The significant accounting policies are summarized below.

Organization and Nature of Operations

The Foundation is a scientific research organization dedicated to supporting a focused research program to develop targeted cancer cell-specific therapies. The Foundation primarily supports programs for cancer related research, and develops drug therapies for cancer prevention, treatment and ultimate cure. The Foundation helps to organize conferences that share findings on differentiation therapy and helps to support and assist researchers in the publication of research papers in many major scientific journals.

The Foundation is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Foundation has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of section 509(a) of the Internal Revenue Code.

Financial Statement Presentation

The classification of the Foundation's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. Amounts for each of the three classes of net assets (permanently restricted, temporarily restricted, or unrestricted) are required to be displayed in the comparative statement of financial position, and the change in each class of those classes of net assets are required to be displayed in the comparative statement of activities. These classes are defined as follows:

- Permanently Restricted

Net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

THE SAMUEL WAXMAN CANCER RESEARCH FOUNDATION, INC.  
NOTES TO COMPARATIVE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008  
(continued)

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (continued)

- Temporarily Restricted

Net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the comparative statement of activities.

- Unrestricted

The part of net assets of the Foundation that is neither permanently nor temporarily restricted by donor-imposed stipulations.

Functional Expenses

Expenses of the Foundation are reported on a functional basis allocated between Program Service, Management and General, and Fundraising expenses. Specifically identified expenses are allocated directly to their natural expenditure classification. Other expenses, that are common to several functions, are allocated by various statistical bases in accordance with the Foundation's cost allocation policy.

- Program Services

The Program Service expenses of the Foundation relate to a focused research program to develop targeted cancer cell-specific therapy. This therapy, already successful in leukemia, is based on the scientific identification and correction of the defects in growth, differentiation and death which are characteristic of cancer cells.

- Management and General

Management and General services relate to operating and managing the Foundation and its program on a day-to-day basis.

- Fundraising

Fundraising expenses relate to raising the necessary funds to carry out the Program Services of the Foundation.

THE SAMUEL WAXMAN CANCER RESEARCH FOUNDATION, INC.  
NOTES TO COMPARATIVE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008  
(continued)

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (continued)

Concentration of Credit Risk

Financial instruments that could subject the Foundation to risk of loss consist of cash deposits with financial institutions in excess of FDIC insured limits, marketable securities in excess of SIPC insured limits, and pledges and research grants receivable (see below). At June 30, 2009 and 2008 such insured deposits exceeded the FDIC and SIPC limits by approximately \$1,956,000 and \$1,961,000, respectively. The Foundation has not experienced any losses with respect to such excesses and believes it is not exposed to any significant credit risk.

Pledges Receivable

The Foundation considers pledges receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Fair Value Measurement – Definition and Hierarchy

On January 1, 2008 the Foundation adopted Statement of Financial Accounting Standards No. 157 (“SFAS No. 157”) which establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels explained below:

- Level 1 Valuations based on quoted prices available in active markets for identical investments.
- Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Investments in equities and charitable gift annuities were valued using Level 1 inputs.

Investments in hedge fund entities are presented at fair value as determined by the hedge fund itself. This constitutes Level 3 inputs. These investments are in excess of the SIPC credit limit of \$500,000 per account, including up to \$100,000 of cash.

THE SAMUEL WAXMAN CANCER RESEARCH FOUNDATION, INC.  
 NOTES TO COMPARATIVE FINANCIAL STATEMENTS  
 JUNE 30, 2009 AND 2008  
 (continued)

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Fair Value Measurement – Definition and Hierarchy (continued)*

Realized and unrealized market gains and losses on investments are reflected in the comparative statement of activities.

*Equipment and Improvements and Depreciation*

Equipment and improvements are recorded at cost. Depreciation is provided by the straight-line method over estimated useful lives of the assets. The Foundation's policy is to capitalize purchases over \$1,000.

*Contributions*

Unconditional gifts and contributions are recorded as unrestricted income unless such contributions are received with donor stipulations that limit (restrict) the use of the donated assets. All donor restricted contributions are recorded as temporarily restricted or permanently restricted, depending on the restrictions. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the comparative statement of activities as "Assets released from restrictions."

Conditional gifts are recorded when substantially all conditions have been met and the amount to be received by the Foundation is determinable.

For the years ended June 30, 2009 and 2008 the breakdown of contributions between grants and general contributions is as follows:

	<u>2009</u>	<u>2008</u>
Unrestricted:		
Grants	\$ 287,000	\$ 200,000
General contributions	<u>457,628</u>	<u>283,803</u>
	<u>744,628</u>	<u>483,803</u>
Restricted:		
Grants	<u>1,197,003</u>	<u>1,869,500</u>
Total	<u>\$ 1,941,631</u>	<u>\$ 2,353,303</u>

THE SAMUEL WAXMAN CANCER RESEARCH FOUNDATION, INC.  
 NOTES TO COMPARATIVE FINANCIAL STATEMENTS  
 JUNE 30, 2009 AND 2008  
 (continued)

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - FAIR VALUE MEASUREMENTS

The Company's assets recorded at fair value are categorized below based upon a fair value hierarchy in accordance with SFAS No. 157. See Note 1 for a definition and discussion of the Company's policies regarding this hierarchy.

2009:			
<u>Investments</u>	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Hedge fund entities	\$ -	\$ 2,712,964	\$ 2,712,964
Charitable gift annuities	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total	<u>\$ 100,000</u>	<u>\$ 2,712,964</u>	<u>\$ 2,812,964</u>
% of Total	<u>4%</u>	<u>96%</u>	<u>100%</u>
2008:			
<u>Investments</u>	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 1,055	\$ -	\$ 1,055
Hedge fund entities	-	5,383,781	5,383,781
Charitable gift annuities	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total	<u>\$ 101,055</u>	<u>\$ 5,383,781</u>	<u>\$ 5,484,836</u>
% of Total	<u>2%</u>	<u>98%</u>	<u>100%</u>

THE SAMUEL WAXMAN CANCER RESEARCH FOUNDATION, INC.  
NOTES TO COMPARATIVE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008  
(continued)

NOTE 2 - FAIR VALUE MEASUREMENTS (continued)

The following table presents a reconciliation of Level 3 assets measured at fair value for the year ended June 30:

	<u>2009</u>	<u>2008</u>
Level 3 - Opening balance	\$ 5,383,781	\$ 6,296,112
Realized and unrealized gains (losses)	(929,329)	(1,159)
Purchases (sales)	<u>(1,741,488)</u>	<u>(911,172)</u>
Level 3 - Closing balance	<u>\$ 2,712,964</u>	<u>\$ 5,383,781</u>

NOTE 3 - TEMPORARILY RESTRICTED PLEDGES RECEIVABLE

At June 30, 2009 and 2008 the temporarily restricted pledges receivable still outstanding were:

	<u>2009</u>	<u>2008</u>
1 year or less:		
Beverly Yaffe Memorial Fund	\$ -	\$ 625
Skirball Foundation (2004)	-	10,000
Skirball Foundation (2007)	300,000	320,000
Rose M. Badgeley Residuary Charitable Trust (2009)	<u>125,000</u>	-
	<u>\$ 425,000</u>	<u>\$ 330,625</u>
Greater than 1 year:		
Skirball Foundation (2007)	600,000	900,000
Rose M. Badgeley Residuary Charitable Trust (2009)	<u>250,000</u>	-
	<u>\$ 850,000</u>	<u>\$ 900,000</u>

During 2004, the Skirball Foundation awarded the Foundation a \$1,000,000 challenge grant in an effort to initiate two new programs, one relating to aberrant gene expression and the other relating to tumor dormancy. The grant was slated to continue until the first to occur of either December 31, 2007 or upon full payment of the grant. The Foundation has received matching pledges totaling \$1,000,000 to date. As of June 30, 2009, there are no outstanding receivables.

THE SAMUEL WAXMAN CANCER RESEARCH FOUNDATION, INC.  
NOTES TO COMPARATIVE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008  
(continued)

NOTE 3 - TEMPORARILY RESTRICTED PLEDGES RECEIVABLE (continued)

In June 2007, the Skirball Foundation approved a \$1,000,000 challenge grant to continue support of the Foundation's programs in Hematological Malignancies and Tumor Dormancy. The grant is payable in five installments of \$200,000 over a five year period. The Foundation has received matching pledges totaling \$1,000,000 to date, of which portions will be received over a five year period. As of June 30, 2009 the outstanding receivable relating to the Skirball donation and the matching pledges, was \$900,000 payable over 3 years.

In June 2009, the Rose M. Badgeley Residuary Charitable Trust approved a \$375,000 grant that is payable over 3 years to support the Foundation's collaboration with the Shanghai Institute of Hematology. As of June 30, 2009, the outstanding receivable was \$375,000.

NOTE 4 - INVESTMENTS IN HEDGE FUND ENTITIES

The Foundation is a limited investor in several hedge fund entities. At June 30, 2009 and 2008 the investments were comprised of the following:

<u>2009:</u>	<u>Fair Value</u>	<u>Cost</u>
Drawbridge Special Opportunity, Ltd.	\$ 1,144,232	\$ 868,796
Hocky Capital LP	527,332	422,558
Intrepid Capital Fund (Offshore) Ltd.	286,686	164,684
Seminole Offshore Fund, Ltd., Class A	643,340	315,052
Seneca Capital, LP	15,524	11,688
Seneca Capital International, Ltd.	<u>95,850</u>	<u>100,167</u>
Total	<u>\$ 2,712,964</u>	<u>\$ 1,882,945</u>
<u>2008:</u>	<u>Fair Value</u>	<u>Cost</u>
Drawbridge Special Opportunity, Ltd.	\$ 1,687,751	\$ 1,000,000
Hocky Capital LP	1,056,165	751,096
Intrepid Capital Fund (Offshore) Ltd.	732,688	359,994
Seminole Offshore Fund, Ltd., Class A	823,990	383,612
Seneca Capital, LP	<u>1,083,187</u>	<u>600,000</u>
Total	<u>\$ 5,383,781</u>	<u>\$ 3,094,702</u>

THE SAMUEL WAXMAN CANCER RESEARCH FOUNDATION, INC.  
 NOTES TO COMPARATIVE FINANCIAL STATEMENTS  
 JUNE 30, 2009 AND 2008  
 (continued)

NOTE 5 - CHARITABLE GIFT ANNUITY

At June 30, 2009 and 2008 the charitable gift annuity consisted of the following:

	2009	2008
Annuity "A"	\$ 100,000	\$ 100,000

Over the past six years the Foundation received donations through a split-interest agreement aggregating \$119,141 from a donor. The terms of the agreement require the Foundation to pay \$7,061 each year to the annuitant for the remainder of her life, and upon her death, to her sister, for the remainder of her life. Upon the death of the annuitant and the secondary beneficiary, the Foundation may use the balance of the annuity for cancer research. To service these programs, the Foundation established an institutional servicing agreement with Merrill Lynch for the maintenance of this agreement. The servicing account requires a minimum balance of \$100,000. At June 30, 2009 and 2008, the value of funds deposited by the Foundation to meet this minimum was \$54,350 and \$46,159 respectively. The status of the agreement at June 30, 2009 and 2008 was as follows:

	2009	2008
Split-interest agreement assets at fair value	\$ 45,650	\$ 53,841
Foundation deposit	54,350	46,159
Net	\$ 100,000	\$ 100,000

NOTE 6 - EQUIPMENT AND IMPROVEMENTS

Equipment and improvements at June 30, 2009 and 2008 consisted of the following:

	2009	2008
Computer and office equipment	\$ 38,450	\$ 38,450
Furniture and fixtures	28,836	28,104
Laboratory equipment	148,963	148,963
Leasehold improvements	14,875	14,875
	231,124	230,392
Accumulated depreciation	(199,149)	(177,861)
	\$ 31,975	\$ 52,531

Depreciation for the years ended June 30, 2009 and 2008 was \$21,288 and \$31,346 respectively.

THE SAMUEL WAXMAN CANCER RESEARCH FOUNDATION, INC.  
NOTES TO COMPARATIVE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008  
(continued)

NOTE 7 - COMMITMENTS

The Foundation subleases its office facilities under an operating sublease which expired, subsequent to year end, on August 31, 2009. At June 30, 2009, the future minimum rental payments under the expiring sublease were \$12,510. Effective September 1, 2009, the Foundation pays rent on a month-to-month basis.

NOTE 8 - RESEARCH GRANTS PAYABLE

At June 30, 2009, the Foundation owed the Mount Sinai School of Medicine \$191,797 as part of a research grant awarded in April, 2009.

NOTE 9 - SPECIAL EVENTS

In 2009 and 2008, the Foundation held four and five special events, respectively. The revenue and direct costs associated with the events are summarized as follows:

	<u>2009</u>	<u>2008</u>
Revenue:		
Junior Event	\$ 96,364	\$ 38,765
Golf Outing	114,170	270,043
Hamptons Happening	266,635	241,939
Collaborating for a Cure	2,304,086	3,169,162
25 <sup>th</sup> Anniversary Lunch	<u>-</u>	<u>116,518</u>
Total revenue	<u>2,781,255</u>	<u>3,836,427</u>
Direct costs:		
Junior Event	25,866	13,744
Golf Outing	58,535	77,693
Hamptons Happening	87,801	84,684
Collaborating for a Cure	1,606,046	1,835,122
25 <sup>th</sup> Anniversary Lunch	<u>-</u>	<u>12,860</u>
Total direct costs	<u>1,778,248</u>	<u>2,024,103</u>
Net special events revenue	<u>\$ 1,003,007</u>	<u>\$ 1,812,324</u>

THE SAMUEL WAXMAN CANCER RESEARCH FOUNDATION, INC.  
 NOTES TO COMPARATIVE FINANCIAL STATEMENTS  
 JUNE 30, 2009 AND 2008  
 (continued)

NOTE 10 - RESTRICTED NET ASSETS

Restricted net assets at June 30, 2009 and 2008 consisted of Temporarily Restricted and Permanently Restricted Net Assets. The components are as follows:

	2009	2008
Temporarily Restricted Net Assets:		
Beverly Yaffe Memorial Fund	\$ -	\$ 101,788
Abner & Mildred Levine Family Foundation	495,000	-
Rose M. Badgeley Residuary Charitable Trust	375,000	-
Gift Annuity Programs	100,000	100,000
Skirball Foundation	600,000	800,000
Skirball Matching Funds	600,000	800,000
The Mark Family Fund (Liver Cancer)	-	45,683
The Mark Family Fund (Strategic Plan)	27,466	100,000
* David Workman Memorial Endowment Fund	361,297	-
	\$ 2,558,763	\$ 1,947,471
Permanently Restricted Net Assets:		
* David Workman Memorial Endowment Fund	\$ -	\$ 364,194

\* The David Workman Memorial Endowment Fund is designated as a permanent endowment fund per the agreement letter. The agreement also specifies that the principal may be used if the income is insufficient to pay for the stipulated lectures memorializing David Workman. The Fund has been reclassified from permanently to temporarily restricted as principal is now being spent for this purpose.

THE SAMUEL WAXMAN CANCER RESEARCH FOUNDATION, INC.  
SCHEDULE A - SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2009  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	2009			2008	
	Program Service	Management and General	Fundraising	Total	Total
Research grants:					
Mount Sinai Medical Center	\$ 902,786	\$ -	\$ -	\$ 902,786	\$ 959,058
Institute Without Walls	2,240,582	-	-	2,240,582	2,168,563 *
Foundation staff salaries	261,244	365,819	243,750	870,813	751,363
Scientific directors	385,898	-	-	385,898	385,898
Consultants	-	39,309	39,310	78,619	3,124
Accounting fees	5,085	15,258	-	20,343	26,260
Legal fees	8,901	2,000	-	10,901	29,629
Printing and publications	67,279	7,590	-	74,869	75,029
Travel	13,189	1,599	-	14,788	5,408
Depreciation	13,294	7,994	-	21,288	31,346
Insurance	-	9,075	-	9,075	3,885
Office, printing and stationery	-	13,711	-	13,711	37,729
Taxes and licenses	3,991	20,871	-	24,862	16,186
Rent	18,765	56,295	-	75,060	75,060
Annuity program fees	-	8,495	-	8,495	3,105
Meetings and conferences	35,373	-	1,656	37,029	28,700
	<u>\$ 3,956,387</u>	<u>\$ 548,016</u>	<u>\$ 284,716</u>	<u>\$ 4,789,119</u>	<u>\$ 4,600,343</u>
Reallocation of Institute Without Walls 2006 Grant on a cash distribution basis	-	-	-	-	<u>1,610,000 *</u>
Restated	<u>\$ 3,956,387</u>	<u>\$ 548,016</u>	<u>\$ 284,716</u>	<u>\$ 4,789,119</u>	<u>\$ 6,210,343</u>

\*In 2006, \$6,309,422 of grant expense was recorded for the Institute Without Walls. The grant was paid out over three years as follows:

Institute Without Walls-Cash Disbursements	2006	\$ 1,651,297
	2007	3,048,125
	2008	<u>1,610,000</u>
	Total	<u>\$ 6,309,422</u>