DASZKALBOLTON
accountants & advisors

Israel Cancer Association (USA) Corp.

Financial Statements

June 30, 2018 and 2017

Table of Contents

DASZKALBOLTON
accountants & advisors

Independent Auditors' Report

To the Board of Trustees
Israel Cancer Association (USA) Corp.
West Palm Beach, Florida

We have audited the accompanying financial statements of Israel Cancer Association (USA) Corp. (a nonprofit organization), which comprise the statements of financial position at June 30, 2018 and 2017, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Daszkal Bolton LLP | 561.367.1040 | dbllp.com
2401 NW Boca Raton Boulevard | Boca Raton | Florida 33431-6632
490 Sawgrass Corporate Parkway, Suite 200 | Sunrise | Florida 33325-6252
4455 Military Trail, Suite 201 | Jupiter | Florida 33458-4828

Continued from previous page

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization at June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Daszkal Bolton LLP

Boca Raton, Florida
September 24, 2018

Israel Cancer Association (USA) Corp.
Statements of Financial Position
June 30, 2018 and 2017

ASSETS

	2018	2017
Assets:		
Cash and cash equivalents	$ 145,441	$ 529,264
Cash and cash equivalents - permanently restricted endowment	-	52,469
Investments	215,095	-
Investments - permanently restricted endowment	260,179	228,919
Contributions receivable	-	5,000
Contributions receivable - restricted for fellowships	26,702	21,456
Prepaid expenses	2,291	2,423
Property and equipment, net	381	592
Total assets	$ 650,089	$ 840,123

LIABILITIES AND NET ASSETS

	2018	2017
Liabilities:		
Accounts payable	$ -	$ 512
Total liabilities	-	512
Commitments and contingencies		
Net assets:		
Unrestricted	343,512	515,690
Temporarily restricted	46,398	42,533
Permanently restricted	260,179	281,388
Total net assets	650,089	839,611
Total liabilities and net assets	$ 650,089	$ 840,123

See accompanying notes to financial statements.

Israel Cancer Association (USA) Corp.
Statement of Activities
Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:				
Contributions	$ 45,504	$ -	$ -	$ 45,504
Special projects	-	250,750	-	250,750
Fellowships	-	27,000	-	27,000
Special events and fundraising programs	332,283	-	-	332,283
Investments	-	-	(1,512)	(1,512)
Subsidy from Israel	112,000	-	-	112,000
Net assets released from restrictions	293,582	(273,885)	(19,697)	-
Total revenues, gains and other support	783,369	3,865	(21,209)	766,025
Expenses:				
Program services:				
Special events	60,422	-	-	60,422
Membership expenses	2,639	-	-	2,639
ICAUSA-Israel programs and distributions	846,629	-	-	846,629
Management and general	25,612	-	-	25,612
Fundraising	20,245	-	-	20,245
Total expenses	955,547	-	-	955,547
Net change in net assets	(172,178)	3,865	(21,209)	(189,522)
Net assets, July 1, 2017	515,690	42,533	281,388	839,611
Net assets, June 30, 2018	$ 343,512	$ 46,398	$ 260,179	$ 650,089

See accompanying notes to financial statements.

Israel Cancer Association (USA) Corp.
Statement of Activities
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:				
Contributions	$ 534,532	$ -	$ -	$ 534,532
Special projects	-	334,986	-	334,986
Fellowships	-	22,000	-	22,000
Special events and fundraising programs	247,586	-	-	247,586
Investments	2,154	-	1,360	3,514
Subsidy from Israel	80,000	-	-	80,000
Net assets released from restrictions	357,600	(336,523)	(21,077)	-
Total revenues, gains and other support	1,221,872	20,463	(19,717)	1,222,618
Expenses:				
Program services:				
Special events	58,442	-	-	58,442
Membership expenses	3,635	-	-	3,635
ICAUSA-Israel programs and distributions	779,547	-	-	779,547
Management and general	24,464	-	-	24,464
Fundraising	18,680	-	-	18,680
Total expenses	884,768	-	-	884,768
Net change in net assets	337,104	20,463	(19,717)	337,850
Net assets, July 1, 2016	178,586	22,070	301,105	501,761
Net assets, June 30, 2017	$ 515,690	$ 42,533	$ 281,388	$ 839,611

See accompanying notes to financial statements.

Israel Cancer Association (USA) Corp.
Statements of Functional Expenses
Years Ended June 30, 2018 and 2017

	2018				2017			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Functional classification of expenses:								
Public relations	$ 2,613	$ -	$ 26	$ 2,639	$ 3,599	$ -	$ 35	$ 3,634
Salaries and benefits	66,212	5,160	14,618	85,990	57,476	4,479	12,689	74,644
Printing and postage	1,562	267	76	1,905	1,433	245	70	1,748
General and administrative	13,552	19,974	2,504	36,030	16,277	19,507	2,964	38,748
Contractual obligation - Israel	768,350	-	-	768,350	707,319	-	-	707,319
Contract services	57,401	-	3,021	60,422	55,520	-	2,922	58,442
Depreciation	-	211	-	211	-	233	-	233
	$ 909,690	$ 25,612	$ 20,245	$ 955,547	$ 841,624	$ 24,464	$ 18,680	$ 884,768

See accompanying notes to financial statements.

Israel Cancer Association (USA) Corp.
Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Net change in net assets	$ (189,522)	$ 337,850
Adjustments to reconcile net change in net assets to net cash (used in) provided by operating activities:		
Depreciation	211	233
Unrealized losses (gains) on investments	9,191	(463)
Changes in assets and liabilities:		
Contributions receivable	5,000	(5,000)
Contributions receivable - restricted for fellowships	(5,246)	414
Prepaid expenses	132	259
Accounts payable	(512)	(867)
Net cash (used in) provided by operating activities	(180,746)	332,426
Cash flows from investing activities:		
Sales of investments	254,300	266,588
Purchases of investments	(509,846)	(139,237)
Net cash (used in) provided by investing activities	(255,546)	127,351
Cash flows from financing activities	-	-
Net (decrease) increase in cash and cash equivalents	(436,292)	459,777
Cash and cash equivalents:		
Beginning of year	581,733	121,956
End of year	$ 145,441	$ 581,733

See accompanying notes to financial statements.

Note 1 – Organization and Description of Business

Israel Cancer Association (USA) Corp., ("ICAUSA" or the "Organization") was incorporated in the State of New York on January 19, 1967, as a non-profit organization. The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The purpose of the Organization is to collect, receive, and maintain funds for charitable, scientific, and educational purposes, specifically to provide education and advance cancer research in the United States and Israel. The ICAUSA located in West Palm Beach, Florida, is the United States National Headquarters of Israel Cancer Association, located in Givatayim, Israel.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations.

Resources are classified for accounting and reporting purposes into three categories of net assets - unrestricted, temporarily restricted, or permanently restricted - according to externally (donor) imposed restrictions.

Unrestricted net assets include all resources that are not subject to donor-imposed restrictions of a more specific nature than those which only obligate the Organization to utilize funds in furtherance of its mission. Revenues received and expenses incurred in conducting the programs and services of the Organization are presented in the financial statements as unrestricted operating funds that increase or decrease unrestricted net assets.

Temporarily restricted net assets carry specific, donor-imposed restrictions on the expenditure or other use of contributed funds. Temporary restrictions may expire either because of the passage of time or because the Organization has fulfilled the restrictions. Donor-restricted gifts that are received are for fellowships to provide for cancer research and for special cancer related projects in Israel. Transfers of temporarily restricted net assets, associated with the distribution of funds to Israel for which the restrictions have been satisfied or the passage of time, are reported as net assets released from restrictions on the Statements of Activities.

Permanently restricted net assets are those that are subject to donor-imposed restrictions that will never lapse, thus requiring the assets to be maintained permanently as endowment funds. Transfers of permanently restricted to temporarily restricted net assets associated with donor directives are reported as net assets released for restrictions on the Statements of Activities. Net realized and unrealized appreciation on endowment funds is classified in the financial statements as part of either unrestricted, temporarily restricted, or permanently restricted net assets based on donors' restrictions and interpretations of law.

Management 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 judgments that affect the reported amount of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses recognized during the reporting period. Actual results may differ from those estimates.

Note 2 – Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and money market funds. Cash equivalents include highly liquid securities with original maturities when acquired of ninety days or less.

Contributions Receivable

The receipt of unconditional promises to give with payments due in future periods is reported as temporarily or permanently restricted support unless explicit donor stipulations or circumstances surrounding the receipt of the promise make clear that the donor intended it to be used to support activities of the current period. Unconditional promises to give are reported at the discounted present value of estimated future cash flows, using a discount rate that approximates the rate of government securities, and are deemed fully collectible at June 30, 2018 and 2017. Amortization of the discount is recorded as additional contribution revenue.

Gift Annuity Remainder Trust

The Organization is a beneficiary of a gift annuity remainder trust. Related amounts are recorded either when a will is declared valid by a probate court, or when the Organization is notified as a beneficiary of a trust and the proceeds are measurable. The beneficial interest in the remainder trusts will be recorded at net present value, using risk-free interest rates applicable to the years in which the benefit is to be received.

Special Events

The Organization recognizes special event revenue and expense in the year the event occurs.

Valuation of Investments at Fair Value

The Organization measures its financial assets at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

The Organization follows a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1: Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

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.

Note 2 – Summary of Significant Accounting Policies, continued

Valuation of Investments at Fair Value, continued

Level 3: Valuation based on inputs that are unobservable and significant to the overall fair value measurement.

Compensated Absences

Employees of the Organization are entitled to paid vacations, sick days and other time off depending on job classification, length of service and other factors. The value of accrued compensated absences was $0 at June 30, 2018 and 2017.

Property and Depreciation

Property and equipment are stated at cost if purchased or fair value if contributed. Depreciation is provided over the estimated useful lives from three to ten years on the respective assets on a straight-line basis.

Fair Value of Financial instruments

The carrying amount of the Organization's financial instruments, which include cash and cash equivalents, contributions and accounts receivable, accounts payable, accrued expenses, and other assets and liabilities, approximate their fair values due to their short-term maturities. The carrying amount of long-term investments are initially recorded at acquisition cost and adjusted to quoted market prices. See Note 5.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries, wages and related expenses have been allocated based on the function of the staff across the departments, and all other supporting expenses (consisting of facility maintenance, insurance, supplies, utilities, and other expenses) have been allocated based on the amounts used by each program and supporting service.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. Accordingly there is no provision for income taxes.

The Organization records a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority. The Organization continually evaluates expiring statues of limitations, changes in tax law and new authoritative rulings.

New Accounting Pronouncements

In June 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. The update provides clarifying guidance on accounting for the grants and contracts of nonprofit organizations as they relate to the new revenue standard (ASU No. 2014-09 Revenue from Contracts with Customers), and aims to minimize diversity in the classification of grants and contracts that exists under current guidance. ASU No. 2018-08 is effective for fiscal years beginning after December 15, 2019 and early adoption is permitted. The Organization

Note 2 – Summary of Significant Accounting Policies, continued

New Accounting Pronouncements, continued

does not expect the adoption of ASU No. 2018-08 to have a material effect on the financial statements and disclosures.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which provides guidance on the classification of restricted cash in the Statements of Cash Flows. ASU No. 2016-18 is effective for fiscal years beginning January 1, 2018. Early adoption is permitted. The Organization is currently evaluating the impact of the adoption of ASU No. 2016-18 on its financial statements and disclosures.

In August 2016, the FASB issued ASU No. 2016-14 Not-For-Profit ("NFP") Entities (Topic 958), *Presentation of Financial Statements of Not-For-Profit Entities*. ASU No. 2016-14 amends guidance on the current net asset classification requirements and the information presented in the financial statements and notes about a NFP's liquidity, financial performance and cash flows. ASU No. 2016-14 replaces the currently required three net asset classes with two net asset classes, net assets with donor restrictions and net assets without donor restrictions. Other amendments within ASU No. 2016-14 will improve the usefulness of information provided to donors, grantors, creditors and other users of a NFP's financial statements. The new guidance is effective for fiscal years beginning January 1, 2018 and early adoption is permitted. The Organization is currently evaluating the impact of the adoption of ASU No. 2016-14 on its financial statements and disclosures.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The new standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the Statements of Financial Position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the Statements of Activities. The ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the impact of the adoption of ASU No. 2016-02 on its financial statements and disclosures.

Date of Management's Review

Subsequent events were evaluated through September 24, 2018, which is the date the financial statements were available to be issued.

Note 3 – Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, maintained at several interest bearing and non-interest bearing bank accounts which, at time, may exceed federally insured limits guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At June 30, 2018, the Organization had no funds in excess of FDIC insured limits. Accounts held at brokerage firms are insured by the Securities Investor Protection Corporation ("SIPC") up to $500,000. At June 30, 2018, the Organization had $68,104 in excess of SIPC insured limits.

Note 4 – Property and Equipment

Property and equipment consisted of the following at June 30:

	2018	2017
Computer equipment	$ 23,839	$ 23,839
Furniture and fixtures	4,236	4,236
	28,075	28,075
Less: accumulated depreciation	(27,694)	(27,483)
Property and equipment, net	$ 381	$ 592

The Organization's depreciation expense for the years ended June 30, 2018 and 2017 was $211 and $233, respectively.

Note 5 – Long-Term Investments

The investments held by the Organization at June 30, 2018 and 2017 are summarized as follows:

	Fair Value Measurement at June 30, 2018			
	Total	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mutual funds	$ 475,274	$ 475,274	$ -	$ -
	$ 475,274	$ 475,274	$ -	$ -

	Fair Value Measurement at June 30, 2017			
	Total	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mutual funds	$ 228,919	$ 228,919	$ -	$ -
	$ 228,919	$ 228,919	$ -	$ -

The following schedule summarizes the investment return and its classification in the Statements of Activities for the years ended June 30, 2018 and 2017 as follows:

	2018	2017
Interest and dividend income	$ 7,679	$ 3,051
Net realized and unrealized (losses) gains on investments	(9,191)	463
Total investment (losses) gains	$ (1,512)	$ 3,514

Note 6 – Contributions Receivable

Contributions receivable at June 30, 2017 and 2016 are as follows:

	2018	2017
Unrestricted	$ -	$ 5,000
Temporarily restricted for fellowships	27,500	22,000
	27,500	27,000
Present value discount at annualized rate of 2% for 2017 and 2016	(798)	(544)
Net value of contributions receivable	26,702	26,456
Allowance for uncollected commitments	-	-
	$ 26,702	$ 26,456

These amounts are due as follows:

Year Ending June 30,	
2019	$ 26,702
	$ 26,702

Note 7 – Commitments and Contingencies

Leases

Effective August 21, 2017, the Organization amended its existing office lease agreement with a third party to relocate its office suites and decrease its monthly payments from $770 to $623. The amended lease term is on a month-to-month basis. Rent expense for the years ended June 30, 2018 and 2017 was approximately $7,800 and $9,100, respectively.

Note 8 – Restricted Net Assets

In September of 2008, the Organization was the recipient of a $500,000 donation, of which $50,000 was an unrestricted donation and $450,000 was permanently restricted for future cancer research. In accordance with the agreement, the Organization releases from permanent restriction an amount annually equal to 7% of the value of the permanently restricted fund balance. During the years ended June 30, 2018 and 2017, no distributions from the donation were made. However, the Organization released $19,697 and $21,077, respectively, from permanent to temporary restriction. The permanently restricted fund balance was $260,179 and $281,388 at June 30, 2018 and 2017, respectively.

Note 9 – Pass-Through Donations

In accordance with the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "USA PATRIOT ACT"), the Organization does not distribute funds to Israel until notification has been received from the donor as to the purpose and receipt of the donation to be transferred.

Note 9 – Pass-Through Donations, continued

During the years ended June 30, 2018 and 2017, ICAUSA received and accepted donations on behalf of Israel Cancer Association - Israel in the amount of $250,750 and $334,986, respectively. These donations were distributed to Israel Cancer Association - Israel in the periods received.