



Cancer Research Fund of the Damon Runyon– Walter Winchell Foundation

Financial Report
June 30, 2019

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RSM US LLP

Independent Auditor's Report

To the Board of Directors
Cancer Research Fund of the Damon Runyon—Walter Winchell Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Cancer Research Fund of the Damon Runyon—Walter Winchell Foundation (the Foundation), which comprise the balance sheets as of June 30, 2019 and 2018, 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.

Auditor's 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 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 the Foundation as of June 30, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, during the year ended June 30, 2019. The adoption of the standard resulted in additional disclosures and changes to the classification of net assets and disclosures relating to net assets. The adoption was retrospectively applied to July 1, 2017; the earliest year presented. Our opinion is not modified with respect to this matter.

RSM US LLP

New York, New York
October 31, 2019

Cancer Research Fund of the Damon Runyon–Walter Winchell Foundation

Balance Sheets
June 30, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	\$ 3,374,407	\$ 6,191,524
Accounts receivable	187,204	295,764
Interest and dividends receivable	208,723	185,593
Prepaid expenses and other assets	177,184	182,571
Contributions and bequests receivable, net	6,738,647	7,232,005
Investments, at fair value	133,032,433	127,702,113
Amounts held in trust by others	6,542,102	6,604,549
Fixed assets, net	275,187	313,873
	\$ 150,535,887	\$ 148,707,992
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 880,584	\$ 862,166
Deferred revenue	-	1,000
Deposits for theater tickets	908,224	913,015
Fellowships and awards payable	33,729,035	30,460,046
Total liabilities	35,517,843	32,236,227
Net assets:		
Without donor restrictions	98,720,526	97,853,157
With donor restrictions	16,297,518	18,618,608
Total net assets	115,018,044	116,471,765
	\$ 150,535,887	\$ 148,707,992

See notes to financial statements.

Cancer Research Fund of the Damon Runyon–Walter Winchell Foundation

Statements of Activities Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:						
Revenue:						
Contributions	\$ -	\$ 10,667,206	\$ 10,667,206	\$ -	\$ 12,364,008	\$ 12,364,008
Theatre ticket revenue, net of donor benefit expense	362,457	-	362,457	729,831	-	729,831
Donated services	854,494	-	854,494	819,034	-	819,034
Bequests, net of related legal fees	-	43,221	43,221	-	1,607,827	1,607,827
Income from amounts held in trust by others	349,424	-	349,424	225,605	-	225,605
Miscellaneous income	278,963	-	278,963	220,074	-	220,074
Investment return allocated to operations	10,430,279	-	10,430,279	4,064,605	-	4,064,605
	<u>12,275,617</u>	<u>10,710,427</u>	<u>22,986,044</u>	<u>6,059,149</u>	<u>13,971,835</u>	<u>20,030,984</u>
Net assets released from restrictions	13,821,990	(13,821,990)	-	16,503,110	(16,503,110)	-
Total operating revenue	<u>26,097,607</u>	<u>(3,111,563)</u>	<u>22,986,044</u>	<u>22,562,259</u>	<u>(2,531,275)</u>	<u>20,030,984</u>
Operating expenses:						
Program services:						
Scientific awards:						
Fellowships awards	7,137,818	-	7,137,818	6,630,226	-	6,630,226
Sohn Pediatric awards	904,092	-	904,092	851,971	-	851,971
Physician-Scientist awards	2,037,037	-	2,037,037	2,176,769	-	2,176,769
Dale Frey awards	700,000	-	700,000	498,201	-	498,201
Clinical investigator awards	5,908,759	-	5,908,759	3,347,164	-	3,347,164
Rachleff innovation awards	3,698,735	-	3,698,735	2,998,779	-	2,998,779
Total scientific awards	<u>20,386,441</u>	<u>-</u>	<u>20,386,441</u>	<u>16,503,110</u>	<u>-</u>	<u>16,503,110</u>
Other program expense	1,908,511	-	1,908,511	1,881,226	-	1,881,226
Total program services	<u>22,294,952</u>	<u>-</u>	<u>22,294,952</u>	<u>18,384,336</u>	<u>-</u>	<u>18,384,336</u>
Supporting services:						
Management and general	767,152	-	767,152	568,542	-	568,542
Fundraising	3,035,503	-	3,035,503	3,075,347	-	3,075,347
Total supporting services	<u>3,802,655</u>	<u>-</u>	<u>3,802,655</u>	<u>3,643,889</u>	<u>-</u>	<u>3,643,889</u>
Total operating expenses	<u>26,097,607</u>	<u>-</u>	<u>26,097,607</u>	<u>22,028,225</u>	<u>-</u>	<u>22,028,225</u>
(Decrease) increase in net assets from operations	<u>-</u>	<u>(3,111,563)</u>	<u>(3,111,563)</u>	<u>534,034</u>	<u>(2,531,275)</u>	<u>(1,997,241)</u>
Nonoperating activities:						
Investment return greater than amount appropriated for operations	867,369	852,920	1,720,289	5,302,905	775,364	6,078,269
Change in value of charitable remainder trusts	-	49,451	49,451	-	49,379	49,379
Change in value of perpetual trusts	-	(111,898)	(111,898)	-	185,708	185,708
Total nonoperating activities	<u>867,369</u>	<u>790,473</u>	<u>1,657,842</u>	<u>5,302,905</u>	<u>1,010,451</u>	<u>6,313,356</u>
Change in net assets	<u>867,369</u>	<u>(2,321,090)</u>	<u>(1,453,721)</u>	<u>5,836,939</u>	<u>(1,520,824)</u>	<u>4,316,115</u>
Net assets:						
Beginning	97,853,157	18,618,608	116,471,765	92,016,218	20,139,432	112,155,650
Ending	<u>\$ 98,720,526</u>	<u>\$ 16,297,518</u>	<u>\$ 115,018,044</u>	<u>\$ 97,853,157</u>	<u>\$ 18,618,608</u>	<u>\$ 116,471,765</u>

See notes to financial statements.

Cancer Research Fund of the Damon Runyon–Walter Winchell Foundation

Statement of Functional Expenses Year Ended June 30, 2019

	Supporting Services				Total
	Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and wages	\$ 728,423	\$ 390,330	\$ 1,373,084	\$ 1,763,414	\$ 2,491,837
Employee benefits	116,666	62,516	219,917	282,433	399,099
Payroll taxes	42,376	22,707	79,879	102,586	144,962
	887,465	475,553	1,672,880	2,148,433	3,035,898
Fellowships awards	7,137,818	-	-	-	7,137,818
Sohn pediatric awards	904,092	-	-	-	904,092
Physician-Scientist awards	2,037,037	-	-	-	2,037,037
Dale Frey awards	700,000	-	-	-	700,000
Clinical investigator awards	5,908,759	-	-	-	5,908,759
Rachleff innovation awards	3,698,735	-	-	-	3,698,735
Advisory committee and award panel services including donated services of \$297,000	557,105	-	-	-	557,105
Fellows retreat	120,445	-	-	-	120,445
Professional fees	114,344	61,272	215,540	276,812	391,156
Stationery and supplies	54,066	28,972	101,915	130,887	184,953
Telephone	8,781	4,705	16,551	21,256	30,037
Postage	9,672	5,183	18,232	23,415	33,087
Occupancy	105,110	56,324	198,133	254,457	359,567
Insurance	9,906	5,308	18,673	23,981	33,887
Printing and publications	-	61,295	215,620	276,915	276,915
Depreciation	12,655	6,781	23,855	30,636	43,291
Tax expense	-	6,906	-	6,906	6,906
Special events	-	-	499,510	499,510	499,510
Bad debt	-	39,333	-	39,333	39,333
Miscellaneous	28,962	15,520	54,594	70,114	99,076
Total operating expenses	22,294,952	767,152	3,035,503	3,802,655	26,097,607
Donated investment services	-	557,494	-	557,494	557,494
Donor benefit expenses:					
Theatre tickets	-	-	536,373	536,373	536,373
Total expenses	\$ 22,294,952	\$ 1,324,646	\$ 3,571,876	\$ 4,896,522	\$ 27,191,474

See notes to financial statements.

Cancer Research Fund of the Damon Runyon–Walter Winchell Foundation

Statement of Functional Expenses Year Ended June 30, 2018

	Supporting Services				Total
	Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and wages	\$ 658,285	\$ 264,356	\$ 1,325,183	\$ 1,589,539	\$ 2,247,824
Employee benefits	116,215	46,670	233,951	280,621	396,836
Payroll taxes	37,788	15,175	76,071	91,246	129,034
	<u>812,288</u>	<u>326,201</u>	<u>1,635,205</u>	<u>1,961,406</u>	<u>2,773,694</u>
Fellowships awards	6,630,226	-	-	-	6,630,226
Sohn pediatric awards	851,971	-	-	-	851,971
Physician-Scientist awards	2,176,769	-	-	-	2,176,769
Dale Frey awards	498,201	-	-	-	498,201
Clinical investigator awards	3,347,164	-	-	-	3,347,164
Rachleff innovation awards	2,998,779	-	-	-	2,998,779
Advisory committee and award panel services including donated services of \$285,000	547,481	-	-	-	547,481
Fellows retreat	124,024	-	-	-	124,024
Professional fees	160,738	64,550	323,578	388,128	548,866
Stationery and supplies	55,884	22,442	112,500	134,942	190,826
Telephone	9,887	3,970	19,903	23,873	33,760
Postage	9,153	3,676	18,425	22,101	31,254
Occupancy	105,735	42,461	212,853	255,314	361,049
Insurance	11,675	4,688	23,502	28,190	39,865
Printing and publications	-	20,242	101,470	121,712	121,712
Depreciation	11,905	4,781	23,967	28,748	40,653
Special events	-	-	538,608	538,608	538,608
Bad debt	-	62,497	-	62,497	62,497
Miscellaneous	32,456	13,034	65,336	78,370	110,826
Total operating expenses	<u>18,384,336</u>	<u>568,542</u>	<u>3,075,347</u>	<u>3,643,889</u>	<u>22,028,225</u>
Donated investment services	-	534,034	-	534,034	534,034
Donor benefit expenses: Theatre tickets	-	-	892,666	892,666	892,666
Total expenses	<u>\$ 18,384,336</u>	<u>\$ 1,102,576</u>	<u>\$ 3,968,013</u>	<u>\$ 5,070,589</u>	<u>\$ 23,454,925</u>

See notes to financial statements.

Cancer Research Fund of the Damon Runyon–Walter Winchell Foundation

Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (1,453,721)	\$ 4,316,115
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:		
Depreciation	43,291	40,653
Deferred rent obligation	2,888	249,713
Bad debt expense	39,333	62,497
Net realized and unrealized gains on investments	(10,587,234)	(8,773,159)
Change in value of perpetual and charitable remainder trusts	62,447	(235,087)
Settlement of charitable remainder trusts	-	22,122
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	108,560	(134,762)
Increase in interest and dividends receivable	(23,130)	(17,035)
Decrease in prepaid expenses and other assets	5,387	39,707
Decrease (increase) in contributions and bequests receivable	454,025	(1,117,753)
Increase (decrease) in accounts payable and accrued expenses	255,530	(74,006)
Decrease in deferred revenue	(1,000)	(278,874)
(Decrease) increase in deposits for theater tickets	(4,791)	9,154
Increase in awards payable	3,268,989	1,834,020
Net cash used in operating activities	(7,829,426)	(4,056,695)
Cash flows from investing activities:		
Purchase of investments	(89,992,881)	(71,868,806)
Proceeds from sale of investments	95,249,795	75,843,392
Purchase of fixed assets	(244,605)	(94,054)
Net cash provided by investing activities	5,012,309	3,880,532
Decrease in cash and cash equivalents	(2,817,117)	(176,163)
Cash and cash equivalents:		
Beginning	6,191,524	6,367,687
Ending	\$ 3,374,407	\$ 6,191,524
Supplemental disclosure of noncash investing activities:		
Leasehold improvement funded through landlord and included in accounts payable	\$ -	\$ 240,000

See notes to financial statements.

Cancer Research Fund of the Damon Runyon—Walter Winchell Foundation

Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies

The Cancer Research Fund of the Damon Runyon—Walter Winchell Foundation, d/b/a Damon Runyon Cancer Research Foundation (the Foundation or Damon Runyon), was incorporated in 1947. Its mission is to accelerate breakthroughs by identifying the most brilliant, creative and driven young scientists and providing them with funding to pursue innovative new approaches to cancer because we need bold, fresh new ideas to conquer this complex set of diseases. Damon Runyon funds the most talented early career researchers working across the entire spectrum of research, from discovery science to clinical trials, with the goal of accelerating the translation of scientific discoveries into new ways to prevent or cure all forms of cancer. Its internationally recognized and highly competitive grant programs are designed to achieve these goals. Recipients of Damon Runyon awards have received the Nobel Prize and other prestigious awards, are leaders in cancer research and at the forefront of finding new cures.

Basis of accounting and financial statements presentation: The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Estimates: The preparation of financial statements in conformity with U.S. GAAP 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 revenue and expenses recognized during the reporting period. Actual results could differ from those estimates.

Net asset classifications: Information about the Foundation's financial information and activities are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation or the passage of time.

Net assets held in perpetuity resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that must be maintained permanently by the Foundation or, in the case of perpetual trusts, by third parties. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for program purposes.

Cash and cash equivalents: Cash and cash equivalents include highly liquid investments with a maturity of three months or less at time of purchase, except for those held by investment managers as part of their long-term investment strategy. The Foundation maintains cash in bank accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts.

Investments: Investments are reported at fair value in the balance sheet. Where applicable, investments are stated at net asset value (NAV) as a practical expedient to fair value. The statements of activities includes investment return greater than the amount appropriated for operations consisting of interest and dividend income, and realized and unrealized gains and losses. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are recognized as changes in net assets in the periods in which they occur, and investment income is recognized as revenue in the period earned.

Cancer Research Fund of the Damon Runyon—Walter Winchell Foundation

Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Fixed assets: Fixed assets are recorded at cost, if purchased, or fair value at date of gift, if donated. The Foundation capitalizes all purchases of fixed assets in excess of \$1,000. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets or, in the case of leasehold improvements, over the life of the lease, if shorter. Computer equipment and software and furniture and fixtures are depreciated over a five-year estimated useful life.

Revenue and support: Revenue is reported as increases in net assets without donor restrictions unless its use is limited by donor-imposed restrictions. Consistent with the Foundation's commitment in its solicitation materials and other publications, all bequests and contributions, with the exception of contributions received in connection with the sale of theater tickets and donated services, are restricted for scientific awards, unless otherwise restricted by the donor. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions 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) are reported as net assets released from restrictions.

Operations include all revenue earned and expenses incurred, including the amount of investment return required to equalize operating revenue and expenses. Investment return in excess of or less than such amount allocated to operations is reported as nonoperating activity.

Contributions, which include unconditional promises to give (pledges), are recognized as revenue in the period received. Bequests are recorded as revenue at the time that an unassailable right to the gift has been established by the probate court and the proceeds are measurable in amount.

Contributions and bequests receivable are reported at their outstanding balances discounted to the net present value of their net realizable value based on a risk adjusted interest rate. The Foundation estimates an allowance for bad debts based on historical bad debt factors related to the donor's ability to pay and current economic trends. As of June 30, 2019 and 2018, management determined that no allowance was required.

The Foundation recognizes, as income, donated services that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if they had not been contributed.

Donor concentration: Approximately 9% and 11% of the total contributions and bequests revenue for the years ended June 30, 2019 and 2018, respectively, were provided by one donor. In addition, approximately 74% and 64% of the gross pledges and contributions receivable at June 30, 2019 and 2018, respectively, were due from five and four donors, respectively.

Expenses: Expenses are reported as decreases in net assets without donor restrictions. The cost of providing the various program and supporting services of the Foundation have been summarized on a functional basis in the accompanying financial statements. Certain costs and expenses have been allocated between program services and supporting services on a reasonable basis as determined by management.

Fellowships and awards are recorded as an expense and a payable after they are reviewed by award selection committees, which are comprised of leading scientists, upon the approvals of the board of directors and acceptance of the award by the awardee. All fellowships and awards are usually expected to be paid within a four-year period or less.

Cancer Research Fund of the Damon Runyon—Walter Winchell Foundation

Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Deferred revenue: Deferred revenue represents monies received in advance of special events expected to occur in the future, which will be recognized in the statements of activities when the events occur.

Fair value measurements: Assets and liabilities recorded at fair value in the balance sheet are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Pursuant to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, level inputs are defined as follows:

Level 1: Inputs that reflect unadjusted quoted market prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date, and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The types of investments in Level 1 generally include listed equities, mutual funds and exchange-traded funds.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs include quoted market prices for similar assets or liabilities in markets that are not active, markets in which there are few transactions, prices are not current or prices vary substantially over time. Investments in this category generally include corporate debt, U.S. government debt, and less liquid securities, such as securities traded on certain foreign exchanges, as well as alternative investments that can be redeemed in the near term. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3: Inputs that are unobservable for the asset or liability and that include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimates. Investments in this category generally include equity and debt positions in private companies and real estate and ownership interests in alternative investments that cannot be redeemed in the near term.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The Foundation assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with its accounting policy regarding the recognition of transfers between levels of the fair value hierarchy. There were no transfers during fiscal years 2019 and 2018.

Income taxes: The Foundation has been determined by the Internal Revenue Service to be a Section 501(c) (3) charitable organization exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (the IRC). The Foundation has been classified as a publicly supported organization and not as a private foundation under Section 509(a) (1) of the IRC and qualifies for the maximum charitable contribution deduction by donors. As a nonprofit organization, the Foundation is subject to taxes on unrelated business income.

Cancer Research Fund of the Damon Runyon—Walter Winchell Foundation

Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Management evaluated the Foundation's tax positions and concluded that the Foundation had taken no uncertain tax positions that require adjustment or disclosure to the financial statements. Generally, the Foundation is no longer subject to income tax examination by U.S. federal, state or local tax authorities for tax years before 2016, which is the standard statute of limitation look-back period.

Endowment: The Foundation's board of directors has determined that, when the Foundation receives a contribution and the donor restricts the Foundation from spending the principal, the Foundation is required to maintain the historical dollar value of the contribution received as an endowment. Such amount is recorded as net assets with donor restrictions.

The Foundation is subject to the New York Uniform Prudent Management of Institutional Funds Act (NYPMIFA), and has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The remaining portion of the endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by NYPMIFA.

Subsequent events: The Foundation evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are available for issuance, which was October 31, 2019, for these financial statements.

Risks and uncertainties: The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts of investments reported in the balance sheet.

Reclassifications: For comparability, certain 2018 amounts have been reclassified, to conform with the financial statements presentation used in 2019. Such reclassifications had no effect on previously reported total net assets or changes in net assets.

Recently issued accounting pronouncements: In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e. an exchange transaction) or nonreciprocal (i.e. a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than non-for-profits to identify and account for contributions made. The ASU has different effective dates for resources recipients and resource providers. Additionally, the ASU provides for earlier effective dates for public business entities. As the Foundation is a resource recipient, the ASU is applicable to contributions received for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted. The Foundation is currently evaluating the impact of the adoption of ASU 2018-08 on its financial statements.

Cancer Research Fund of the Damon Runyon—Walter Winchell Foundation

Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurements (Topic 820): Disclosure Framework – Changing the Disclosure Requirement for Fair Value Measurement*. This ASU modifies the disclosure requirements for fair value measurements, and removes disclosures related to transfers between Level 1 and Level 2 of the fair value hierarchy, the policy for timing transfers between levels, and the valuation process of Level 3 fair value measurements and a roll forward of Level 3 investments. Furthermore, entities are no longer required to estimate and disclose the timing of liquidity events for investments measured at fair value. Instead, the requirement to disclose such events applies only when they have been communicated to the reporting entities for fiscal years, and interim periods within those fiscal years, beginning after December 31, 2019. Early adoption is permitted. The Foundation is currently evaluating the impact of the adoption of this guidance on the financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statements of cash flows with the objective of reducing existing diversity in practice with respect to these items. ASU 2016-15 is effective for annual periods beginning after December 15, 2018, and, therefore, is expected to be adopted by the Foundation for the year ending June 30, 2020. Early adoption is permitted. The Foundation has not evaluated the impact that adoption will have on the statements of cash flows.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet 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 new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Foundation is currently evaluating the impact of the adoption of the new standard on its financial statements.

Recently adopted accounting pronouncement: During 2019, the Foundation adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements for Not-for-Profit Entities*, which amends the requirements for financial statements and notes in Topic 958 to require the Foundation to make reporting changes that affect the following:

- Net assets classification and related disclosures
- Underwater donor-restricted endowments and related disclosures
- Additional disclosures useful in assessing liquidity within one year of the statements of financial position date
- New reporting requirements relating to expenses including disclosure of expenses by both nature and function for all not-for-profit organizations
- Ability to report net investment return without disclosure requirement of components

The Foundation made changes to terminology and classification as described above as well as additional or modified disclosures, particularly Notes 1, 7, 10 and 12. Amounts previously reported for the year ended June 30, 2018, have been reclassified on a retrospective basis to achieve consistent presentation. There were no underwater endowment funds at June 30, 2019 and 2018.

Cancer Research Fund of the Damon Runyon—Walter Winchell Foundation

Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

The changes have the following effect on net assets at June 30, 2018:

Net Asset Class	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	\$ 97,853,157	\$ -
Temporarily restricted net assets	12,842,520	-
Permanently restricted net assets	5,776,088	-
Net assets without donor restrictions	-	97,853,157
Net assets with donor restrictions	-	18,618,608
Total net assets	\$ 116,471,765	\$ 116,471,765

Note 2. Contributions and Bequests Receivable, Net

Contributions and bequests receivable at June 30, 2019 and 2018, are due to be collected as follows:

	2019	2018
Less than one year	\$ 4,168,900	\$ 4,222,602
One to five years	2,675,500	3,151,500
	6,844,400	7,374,102
Discount to present value at 3%	(105,753)	(142,097)
	\$ 6,738,647	\$ 7,232,005

Note 3. Investments

Investments, at fair value, consist of the following at June 30, 2019 and 2018:

	2019	2018
Money market funds	\$ 10,569,201	\$ 3,823,531
Marketable equity securities	91,860,132	87,730,966
Marketable exchange traded fixed income fund	915,641	-
Marketable debt securities	10,653,612	9,268,525
Fixed term certificate of deposit	144,450	144,389
Non-U.S. government debt	150,178	129,569
U.S government debt	11,779,600	10,219,238
Limited partnerships	6,959,619	16,385,895
	\$ 133,032,433	\$ 127,702,113

Cancer Research Fund of the Damon Runyon—Walter Winchell Foundation

Notes to Financial Statements

Note 3. Investments (Continued)

Income generated from the Foundation's investments for the years ended June 30, 2019 and 2018, is as follows:

	2019	2018
Interest and dividends	\$ 2,122,794	\$ 2,004,665
Net appreciation in fair value of investments	10,587,234	8,773,159
Investment expenses	(1,966)	(100,916)
Donated investment services	(557,494)	(534,034)
	<u>12,150,568</u>	<u>10,142,874</u>
Investment gain allocated to operations	(10,430,279)	(4,064,605)
	<u>\$ 1,720,289</u>	<u>\$ 6,078,269</u>

The income from investments is reported in the statements of activities, as follows:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:			
Investment return allocated to operations	\$ 10,430,279	\$ -	\$ 10,430,279
Non-operating activities:			
Investment return greater than amount appropriated for operations	867,369	852,920	1,720,289
Total	<u>\$ 11,297,648</u>	<u>\$ 852,920</u>	<u>\$ 12,150,568</u>
	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:			
Investment return allocated to operations	\$ 4,064,605	\$ -	\$ 4,064,605
Non-operating activities:			
Investment return greater than amount appropriated for operations	5,302,905	775,364	6,078,269
Total	<u>\$ 9,367,510</u>	<u>\$ 775,364</u>	<u>\$ 10,142,874</u>

Note 4. Fair Value Measurements and Disclosures

Fair value of financial instruments: The following methods and assumptions were used in estimating the fair values of significant financial instruments at June 30, 2019 and 2018:

Investments: The fair value is determined as described below.

Amounts held in trust by others: The carrying amount, which approximates fair value, is based on the Foundation's share in the fair value of the underlying assets of the perpetual trusts and on the estimated present value of the anticipated cash inflows from the charitable remainder trusts.

Cancer Research Fund of the Damon Runyon—Walter Winchell Foundation

Notes to Financial Statements

Note 4. Fair Value Measurements and Disclosures (Continued)

Fair value measurements: The following tables present the Foundation's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2019 and 2018:

Description	Total	2019		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments:				
Marketable equity securities	\$ 91,860,132	\$ 91,860,132	\$ -	\$ -
Marketable exchange traded fixed income fund	915,641	915,641	-	-
Marketable debt securities	10,653,612	-	10,653,612	-
Non-U.S. government debt	150,178	-	-	150,178
U.S. government debt	11,779,600	-	11,779,600	-
Money market	10,569,201	10,569,201	-	-
Total investments	125,928,364	103,344,974	22,433,212	150,178
Certificates of deposits	144,450	-	-	-
Limited partnerships ⁽¹⁾	6,959,619	-	-	-
	<u>\$ 133,032,433</u>	<u>\$ 103,344,974</u>	<u>\$ 22,433,212</u>	<u>\$ 150,178</u>
Amounts held in trust by others	\$ 6,542,102	\$ -	\$ -	\$ 6,542,102
2018				
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments:				
Marketable equity securities	\$ 87,730,966	\$ 87,730,966	\$ -	\$ -
Marketable debt securities	9,268,525	-	9,268,525	-
Non-U.S. government debt	129,569	-	-	129,569
U.S. government debt	10,219,238	-	10,219,238	-
Money market	3,823,531	3,823,531	-	-
Total investments	111,171,829	91,554,497	19,487,763	129,569
Certificates of deposits	144,389	-	-	-
Limited partnerships ⁽¹⁾	16,385,895	-	-	-
	<u>\$ 127,702,113</u>	<u>\$ 91,554,497</u>	<u>\$ 19,487,763</u>	<u>\$ 129,569</u>
Amounts held in trust by others	\$ 6,604,549	\$ -	\$ -	\$ 6,604,549

(1) In accordance with the Fair Value measurement topic, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the balance sheets.

Cancer Research Fund of the Damon Runyon—Walter Winchell Foundation

Notes to Financial Statements

Note 4. Fair Value Measurements and Disclosures (Continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. Below are the valuation techniques used by the Foundation to measure different financial instruments at fair value.

Marketable equity securities and money market funds listed on a national securities exchange are stated at the last reported sales or trade price on the day of valuation.

Marketable debt securities, U.S. government debt, and non-U.S. government debt are valued based on the last reported bid or evaluation price provided by broker-dealers.

Investments in limited partnerships are valued at fair value based on the applicable percentage ownership of the limited partnerships' net assets as of the measurement date, as reported to the Foundation by the limited partnerships. In determining fair value, the Foundation utilized, as a practical expedient, the net asset value provided by the limited partnerships. The limited partnerships value securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the limited partnerships, which may include private placements and other securities for which prices are not readily available, are determined by the general partner or sponsor of the respective limited partnership and may not be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

Amounts held in trust by others consist of the Foundation's interest in several perpetual trusts and charitable remainder trusts. The fair value of the Foundation's interest in perpetual trusts is based on the fair value of the underlying trust assets. The fair value of the Foundation's interest in charitable remainder trusts is determined at the net present value of the anticipated cash inflows, discounted at interest rates ranging from 6.0% to 8.0%, using actuarially based mortality tables as described in Note 5.

Financial instruments classified as Level 3 in the fair value hierarchy represent the Foundation's investments in financial instruments in which the Foundation has used at least one significant unobservable input in the valuation model. The following table presents a reconciliation of activity for the Level 3 financial instruments for the years ended June 30, 2019 and 2018:

	2019		
	Non-US Government Debts	Amounts Held in Trust by Others	Total
Beginning balance, July 1	\$ 129,569	\$ 6,604,549	\$ 6,734,118
Purchase/Redemption of Non-US Government Debt	14,997	-	14,997
Change in unrealized (depreciation) appreciation	5,612	(62,447)	(56,835)
Ending balance, June 30	<u>\$ 150,178</u>	<u>\$ 6,542,102</u>	<u>\$ 6,692,280</u>

Cancer Research Fund of the Damon Runyon—Walter Winchell Foundation

Notes to Financial Statements

Note 4. Fair Value Measurements and Disclosures (Continued)

	2018		
	Non-US Government Debts	Amounts Held in Trust by Others	Total
Beginning balance, July 1	\$ 133,222	\$ 6,391,584	\$ 6,524,806
Remainder trust liquidation	-	(22,122)	(22,122)
Change in unrealized (depreciation) appreciation	(3,653)	235,087	231,434
Ending balance, June 30	<u>\$ 129,569</u>	<u>\$ 6,604,549</u>	<u>\$ 6,734,118</u>

The following table provides additional information on the investments in limited partnerships as of June 30, 2019:

Investment Objective	2019	Redemption Frequency	Redemption Notice Period
Long-short master fund ^(a)	\$ 6,959,619	Monthly	30 days

Investment Objective	2018	Redemption Frequency	Redemption Notice Period
Long-short master fund ^(a)	\$ 6,578,413	Monthly	30 days
Multi-strategy ^(b)	9,807,482	Bi-Monthly	90 days
	<u>\$ 16,385,895</u>		

(a) This category seeks a performance target and not a guide to portfolio construction.

(b) This category seeks to provide exposure to more than sixty “hedge fund risk premiums” across nine broad strategy groups with dynamic and disciplined investment process that aims to provide risk-balanced exposure to the underlying strategies.

As of June 30, 2019 and 2018, there were no unfunded commitments related to any of the investments in limited partnership held by the Foundation.

Cancer Research Fund of the Damon Runyon—Walter Winchell Foundation

Notes to Financial Statements

Note 4. Fair Value Measurements and Disclosures (Continued)

The following table presents quantitative information about Level 3 fair value measurements as of June 30:

	Fair Value		Valuation Technique	Unobservable Inputs	Range of Inputs
	2019	2018			
Beneficial interest in perpetual trust	\$ 5,397,527	\$ 5,509,423	Market approach based on underlying marketable securities	None	N/A
Charitable gift annuities	1,144,575	1,095,126	Value of underlying assets and present value techniques	Rate of return Discount rate Life expectancy	6% 6.1% - 7.2%

Note 5. Amounts Held in Trust by Others

The Foundation is named as beneficiary of several perpetual trusts and charitable remainder trusts. The Foundation does not exercise control over the trusts' assets, which are administered by third parties. In some of the charitable remainder trusts, the Foundation is currently receiving income as one of the named beneficiaries.

The perpetual trusts are reported in the net assets with donor restrictions because the Foundation has an irrevocable right to all or, in cases where other beneficiaries participate, a portion of the income earned on the trusts' assets in perpetuity, but will never receive the assets held in trust.

For those trusts in which the Foundation has a remainder interest (i.e., upon termination of the trusts), the Foundation will receive the assets remaining in the trusts (or a portion thereof in those cases where other beneficiaries participate), which are reported in the net assets with donor restrictions at the present value of the estimated future benefit to be received when the trusts are distributed. The discount rate ranges from 6.00% to 8.00%.

The amounts held in trust by others are adjusted annually to reflect changes in the life expectancy of the beneficiaries, the value of the assets held in the trusts and other changes in estimates of future payments. Such adjustments are reported as a change in value of charitable remainder trusts in the statements of activities. The reported value is measured by the fair value of the trusts' assets net of the present value of estimated future payments to beneficiaries.

The Foundation has also been named as beneficiary of several other trusts that have not been included in these financial statements because they have very broad power to invade, which causes uncertainty in determining the value to the Foundation in the future, or the future benefit to the Foundation is deemed to be minimal because of the ages of the life beneficiaries.

Cancer Research Fund of the Damon Runyon—Walter Winchell Foundation

Notes to Financial Statements

Note 6. Fixed Assets

Fixed assets at June 30, 2019 and 2018, consist of the following:

	2019	2018
Leasehold improvements	\$ 376,804	\$ 376,804
Computer equipment and software	378,298	373,693
Furniture and fixtures	238,616	238,616
	<u>993,718</u>	<u>989,113</u>
Less accumulated depreciation	(718,531)	(675,240)
	<u>\$ 275,187</u>	<u>\$ 313,873</u>

Note 7. Liquidity and Availability of Financial Assets

The Foundation receives substantial donor restricted gifts as contributions with donor time and purpose restrictions. The income generated from donor restricted endowments may be donor restricted or without restrictions as to use. In addition, the Foundation receives support without donor restrictions; such support has historically represented approximately 53% of annual program funding needs, with the remainder funded by investment income without donor restrictions and appropriated earnings from gifts with donor restrictions.

Investment income without donor restrictions, earnings appropriated from endowments with donor restrictions, contributions without donor restrictions and contributions with donor restrictions for use in current activities and programs are considered to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, fundraising expenses and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during, and included in the budget for, a fiscal year.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability
- Maintaining a sufficient level of asset liquidity
- Monitoring and maintaining reserves to provide reasonable assurance that long term grant commitments and obligations related to endowments with donor restrictions and quasi endowments will continue to be met

Cancer Research Fund of the Damon Runyon—Walter Winchell Foundation

Notes to Financial Statements

Note 7. Liquidity and Availability of Financial Assets (Continued)

The Foundation's Scientific Committees (the Committees) meet semi-annually to review and approve grant requests. As a result, the Foundation has a liquidity policy to maintain financial assets available to meet general expenditures at a level that represents 100% of annual expenses for administrative and general expenses, as well as fundraising expenses, plus an amount that represents the next expected payment for semi-annual grant commitments approved by the Committees, which typically represents approximately 50% of the expected annual grant cash needs. To achieve this, the Foundation forecasts its future cash flows and monitors its liquidity quarterly.

Financial assets at year-end:	
Cash and cash equivalents	\$ 3,374,407
Accounts receivable	187,204
Contributions and bequests receivable, net	6,738,647
Interest and dividends receivable	208,723
Investments convertible to cash in the next 12 months	10,865,116
Other long term investments	122,167,317
Total financial assets at year-end	<u>\$ 143,541,414</u>

Financial assets available to meet general expenditures over the next 12 months:

Cash and cash equivalents	\$ 3,374,407
Accounts receivable	187,204
Contributions for operations due in one year or less	4,168,900
Interest and dividends receivable	208,723
	<u>\$ 7,939,234</u>

The Foundation has a board designated endowment totaling \$123,276,987 as of June 30, 2019. Although the Foundation does not intend to spend from its board designated endowment other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, amounts from its board designated endowment could be made available if necessary.

Note 8. Fellowships and Awards Payable

Fellowships and awards payable as of June 30, 2019, are expected to be paid as follows:

Years ending June 30:	
2020	\$ 16,173,000
2021	10,557,500
2022	5,850,000
2023	2,021,000
	<u>34,601,500</u>
Discount to present value at 3.0%	(872,465)
	<u>\$ 33,729,035</u>

Cancer Research Fund of the Damon Runyon—Walter Winchell Foundation

Notes to Financial Statements

Note 9. Pension Plan

The Foundation has a defined-contribution plan covering substantially all of its employees. The Foundation's policy is to contribute 10% of employees' base compensation after two full years of full-time employment. Total pension expense for fiscal years 2019 and 2018, was approximately \$120,000 and \$121,000, respectively.

Note 10. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2019 and 2018, consist of the following:

	2019	2018
Charitable remainder trusts	\$ 1,144,575	\$ 1,095,124
Dale Frey award for breakthrough scientists	9,380,318	9,236,683
Wetchler award for scientists	108,435	101,650
Contributions and bequests receivable restricted for program services	-	2,409,063
Perpetual trusts - held in perpetuity	5,664,190	5,776,088
	<u>\$ 16,297,518</u>	<u>\$ 18,618,608</u>

Net assets released from restrictions during the year ended June 30, 2019, amounted to \$13,821,990.

Net assets held in perpetuity consist almost entirely of perpetual trusts held by third-party trustees (see Note 5).

Note 11. Lease Commitment

In August 2017, the Foundation renewed the lease agreement to April 2029. The future minimum lease payments under this lease are as follows:

Years ending June 30:	
2020	\$ 336,000
2021	336,000
2022	348,333
2023	350,000
2024	350,000
Thereafter	2,242,916
	<u>\$ 3,963,249</u>

The lease is subject to escalations for the Foundation's pro rata share of the increase in real estate taxes and operating expenses.

Deferred rent consists of the excess of the rental expenses on a straight-line basis over the payments required by the lease. As of June 30, 2019 and 2018, there was \$295,357 and \$292,469, respectively, of deferred rent included in accounts payable and accrued expenses. Leasehold improvements related to the new lease of \$240,000 were capitalized and are being amortized over the life of the lease. The value of the improvements is being amortized through rent expense and a deferred charge as of June 30, 2019 and 2018, of \$203,741 and \$224,460, respectively, are in accounts payable on the balance sheets.

Cancer Research Fund of the Damon Runyon—Walter Winchell Foundation

Notes to Financial Statements

Note 11. Lease Commitment (Continued)

Rent expense was approximately \$360,000 and \$361,000 for the years ended June 30, 2019 and 2018, respectively.

As part of the Foundation's lease agreement, the Foundation obtained an active letter of credit, which is collateralized by a 12-month certificate of deposit amounting to \$108,181 and \$108,127 at June 30, 2019 and 2018, respectively, that is included in investments in lieu of a cash security deposit.

Note 12. Endowment Fund

The Foundation manages its investment portfolio to generate income to be used to support operating and program activities. The Foundation has implemented investment policies with a goal to provide a predictable stream of funding while seeking to maintain its purchasing power. These investment portfolio assets are designated by the Foundation for long-term investment and include available financial resources that are predominantly unrestricted by donors or are available to fund fellowships and awards payable. Under the oversight of the board's Investments Committee, portfolio assets are invested in a manner that is intended to produce results that provide a high total return (income and capital gains) over the long term, consistent with the preservation of principal. The Foundation expects that earnings growth will match or exceed inflation and that the real (i.e., inflation-adjusted) value of the investment portfolio will be maintained. Actual returns in any given year may vary.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Foundation prepares an annual budget that is reviewed and approved by the board of directors. Projected revenues are compared to projected expenditures. When projected expenditures exceed projected revenues, the board of directors authorizes a drawdown from the endowment to balance the budget. The current benchmark used is 5.5% on a three-year rolling average. In any given year, the actual drawdown may be more or less than the 5.5% depending on operational considerations.

On the statements of activities, approximately \$10,430,000 and \$4,065,000 for the years ended June 30, 2019 and 2018, respectively, are reflected as investment return allocated to operations. Consistent with the policy of the Board of Directors, this amount represents the funds needed to balance unrestricted revenues and expenses on an accrual basis of accounting.

Cancer Research Fund of the Damon Runyon—Walter Winchell Foundation

Notes to Financial Statements

Note 12. Endowment Fund (Continued)

Endowment assets are represented by available funds allocated by the Foundation for long-term investment, and funds received from donors for funding of scientific awards that are included in net assets with donor restrictions.

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, beginning of year	\$ 118,070,711	\$ 9,631,402	\$ 127,702,113
Investment return:			
Investment income	1,453,594	109,740	1,563,334
Net appreciation	9,844,054	743,180	10,587,234
Total investment return	11,297,648	852,920	12,150,568
Other changes during the year:			
Contributions	-	2,204,162	2,204,162
Withdrawals	(8,297,500)	(702,500)	(9,000,000)
Other withdrawals	(24,410)	-	(24,410)
Total contributions/withdrawals	(8,321,910)	1,501,662	(6,820,248)
Release from restriction	2,230,568	(2,230,568)	-
Endowment assets, end of year	\$ 123,277,017	\$ 9,755,416	\$ 133,032,433
	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, beginning of year	\$ 113,559,300	\$ 9,344,240	\$ 122,903,540
Investment return:			
Investment income	1,757,981	145,768	1,903,749
Net appreciation	8,143,563	629,596	8,773,159
Total investment return	9,901,544	775,364	10,676,908
Other changes during the year:			
Contributions	-	2,128,895	2,128,895
Withdrawals	(7,458,598)	(498,202)	(7,956,800)
Other withdrawals	(50,430)	-	(50,430)
Total contributions/withdrawals	(7,509,028)	1,630,693	(5,878,335)
Release from restriction	2,118,895	(2,118,895)	-
Endowment assets, end of year	\$ 118,070,711	\$ 9,631,402	\$ 127,702,113

Note 13. Donated Services

The Foundation received donated services for the years ended June 30, 2019 and 2018, as follows:

	2019	2018
Investment management services	\$ 557,494	\$ 534,034
Members of scientific selection committee	297,000	285,000
	\$ 854,494	\$ 819,034