

**ALLIANCE FOR CANCER GENE THERAPY, INC.**  
**(A Connecticut Not-for-Profit Organization)**

**Financial Statements**

**April 30, 2019 and 2018**

**ALLIANCE FOR CANCER GENE THERAPY, INC.**  
**(A Connecticut Not-for-Profit Organization)**

**Table of Contents**

	<b>Page(s)</b>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position as of April 30, 2019 and 2018	2
Statements of Activities for the years ended April 30, 2019 and 2018	3
Statements of Functional Expenses for the years ended April 30, 2019 and 2018	4 – 5
Statements of Cash Flows for the years ended April 30, 2019 and 2018	6
Notes to Financial Statements	7 – 13

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Alliance for Cancer Gene Therapy, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Alliance for Cancer Gene Therapy, Inc. ("ACGT") which comprise the statements of financial position as of April 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for each of 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 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 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 Alliance for Cancer Gene Therapy, Inc. as of April 30, 2019 and 2018, and the changes in its net assets and its cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.



EISNERAMPER LLP  
Philadelphia, Pennsylvania  
August 27, 2019



**Alliance for Cancer Gene Therapy, Inc.**  
**Statements of Financial Position**  
**April 30, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 733,247	\$ 1,134,981
Investments, at fair value	5,397,306	5,220,018
Contributions receivable	176,003	193,791
Other assets	<u>45,877</u>	<u>27,516</u>
<b>Total assets</b>	<b><u>\$ 6,352,433</u></b>	<b><u>\$ 6,576,306</u></b>
<b>Liabilities:</b>		
Grants payable	\$ 1,813,644	\$ 1,700,446
Accrued expenses	<u>63,767</u>	<u>52,575</u>
<b>Total liabilities</b>	<b><u>1,877,411</u></b>	<b><u>1,753,021</u></b>
<b>Net assets:</b>		
Without donor restrictions	2,342,032	2,011,682
With donor restrictions	<u>2,132,990</u>	<u>2,811,603</u>
<b>Total net assets</b>	<b><u>4,475,022</u></b>	<b><u>4,823,285</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 6,352,433</u></b>	<b><u>\$ 6,576,306</u></b>

See notes to financial statements.

**Alliance for Cancer Gene Therapy, Inc.**  
**Statements of Activities**  
**Years Ended April 30, 2019 and 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue:</b>						
Contributions	\$ 132,103	\$ 705,491	\$ 837,594	\$ 257,739	\$ 893,604	\$ 1,151,343
Special events (net of direct benefits to donors of \$77,212 and \$18,270, respectively)	221,650	100,067	321,717	45,000	66,130	111,130
Contributed services	538,010	-	538,010	768,597	-	768,597
Interest and dividend income	116,958	-	116,958	104,912	-	104,912
Net realized and unrealized gains on investments	188,391	-	188,391	498,191	-	498,191
Other income	45,507	-	45,507	-	-	-
Net assets released from restrictions	1,484,171	(1,484,171)	-	1,294,576	(1,294,576)	-
Total support and revenue	<u>2,726,790</u>	<u>(678,613)</u>	<u>2,048,177</u>	<u>2,969,015</u>	<u>(334,842)</u>	<u>2,634,173</u>
<b>Expenses:</b>						
Program services:						
Research grants and awards	1,913,613	-	1,913,613	1,758,650	-	1,758,650
Support services:						
Management and general	322,449	-	322,449	386,953	-	386,953
Fundraising	160,378	-	160,378	232,381	-	232,381
Total expenses	<u>2,396,440</u>	<u>-</u>	<u>2,396,440</u>	<u>2,377,984</u>	<u>-</u>	<u>2,377,984</u>
Increase (decrease) in net assets	330,350	(678,613)	(348,263)	591,031	(334,842)	256,189
Net assets at beginning of year	2,011,682	2,811,603	4,823,285	1,420,651	3,146,445	4,567,096
Net assets at end of year	<u>\$ 2,342,032</u>	<u>\$ 2,132,990</u>	<u>\$ 4,475,022</u>	<u>\$ 2,011,682</u>	<u>\$ 2,811,603</u>	<u>\$ 4,823,285</u>

See notes to financial statements.

**Alliance for Cancer Gene Therapy, Inc.**  
**Statement of Functional Expenses**  
**Year Ended April 30, 2019**

	<u>Program Services</u>		<u>Support Services</u>		<u>Total Expenses</u>
	<u>Research Grant and Awards</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Support Services</u>	
<b>Direct expenses:</b>					
Research grants	\$ 1,484,171	\$ -	\$ -	\$ -	\$ 1,484,171
Professional fees	52,495	36,732		36,732	89,227
Legal	41,685	-		-	41,685
Website development	33,000	2,000	37,843	39,843	72,843
Communication	56,396	2,782	4,673	7,455	63,851
Printing and reproduction	1,556	9,626	4,933	14,559	16,115
Corporate functions	38,170	8,991	2,577	11,568	49,738
Travel	4,972	10,911	1,224	12,135	17,107
Miscellaneous	4,596	12,707	6,390	19,097	23,693
Total direct expenses	<u>1,717,041</u>	<u>83,749</u>	<u>57,640</u>	<u>141,389</u>	<u>1,858,430</u>
<b>Contributed services:</b>					
Salaries and benefits	192,507	187,651	98,673	286,324	478,831
Professional fees	-	38,855	-	38,855	38,855
Rent	4,065	12,194	4,065	16,259	20,324
Total contributed services	<u>196,572</u>	<u>238,700</u>	<u>102,738</u>	<u>341,438</u>	<u>538,010</u>
Total expenses	<u>1,913,613</u>	<u>322,449</u>	<u>160,378</u>	<u>482,827</u>	<u>2,396,440</u>
Direct benefits to donors	<u>-</u>	<u>-</u>	<u>77,212</u>	<u>77,212</u>	<u>77,212</u>
Total expenses and direct benefits to donors	<u>\$ 1,913,613</u>	<u>\$ 322,449</u>	<u>\$ 237,590</u>	<u>\$ 560,039</u>	<u>\$ 2,473,652</u>

See notes to financial statements.

**Alliance for Cancer Gene Therapy, Inc.**  
**Statement of Functional Expenses**  
**Year Ended April 30, 2018**

	<u>Program Services</u>	<u>Support Services</u>			
	<u>Research Grant and Awards</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Support Services</u>	<u>Total Expenses</u>
<b>Direct expenses:</b>					
Research grants	\$ 1,294,576	\$ -	\$ -	\$ -	\$ 1,294,576
Professional fees	8,050	24,686	3,600	28,286	36,336
Legal	43,993	-	-	-	43,993
Website development	54,224	1,200	15,559	16,759	70,983
Communication	71,426	10,500	8,270	18,770	90,196
Printing and reproduction	15,039	520	5,186	5,706	20,745
Corporate functions	3,968	-	2,116	2,116	6,084
Travel	8,550	2,362	2,184	4,546	13,096
Miscellaneous	16,605	10,543	6,230	16,773	33,378
Total direct expenses	<u>1,516,431</u>	<u>49,811</u>	<u>43,145</u>	<u>92,956</u>	<u>1,609,387</u>
<b>Contributed services:</b>					
Salaries and benefits	238,154	207,790	184,251	392,041	630,195
Professional fees	-	117,158	-	117,158	117,158
Rent	4,065	12,194	4,065	16,259	20,324
Miscellaneous	-	-	920	920	920
Total contributed services	<u>242,219</u>	<u>337,142</u>	<u>189,236</u>	<u>526,378</u>	<u>768,597</u>
Total expenses	<u>1,758,650</u>	<u>386,953</u>	<u>232,381</u>	<u>619,334</u>	<u>2,377,984</u>
Direct benefits to donors	-	-	18,270	18,270	18,270
Total expenses and direct benefits to donors	<u>\$ 1,758,650</u>	<u>\$ 386,953</u>	<u>\$ 250,651</u>	<u>\$ 637,604</u>	<u>\$ 2,396,254</u>

See notes to financial statements.

**Alliance for Cancer Gene Therapy, Inc.**  
**Statements of Cash Flows**  
**Year Ended April 30, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities:</b>		
(Decrease) increase in net assets	\$ (348,263)	\$ 256,189
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized gains on investments	(188,391)	(498,191)
Decrease (increase) in contributions receivable	17,788	(104,591)
Increase in other assets	(18,361)	(12,795)
Increase in grants payable	113,198	285,328
Increase (decrease) in accrued expenses	<u>11,192</u>	<u>(12,362)</u>
Net cash used in operating activities	<u>(412,837)</u>	<u>(86,422)</u>
<b>Cash flows from investing activities:</b>		
Purchase of investments	(81,230)	(400,175)
Proceeds from sales of investments	<u>92,333</u>	<u>17,160</u>
Net cash provided by (used in) investing activities	<u>11,103</u>	<u>(383,015)</u>
Net decrease in cash and cash equivalents	(401,734)	(469,437)
Cash and cash equivalents at beginning of year	<u>1,134,981</u>	<u>1,604,418</u>
Cash and cash equivalents at end of year	<u>\$ 733,247</u>	<u>\$ 1,134,981</u>

See notes to financial statements.



# ALLIANCE FOR CANCER GENE THERAPY, INC.

## Notes to Financial Statements

April 30, 2019 and 2018

### (1) Organization

Alliance for Cancer Gene Therapy, Inc. (“ACGT”), a not-for-profit organization, was established in Connecticut in 2001 to raise and provide funding for scientific research to aid in accelerating the development of cell and gene based therapies to treat cancers.

### (2) Summary of Significant Accounting Policies

#### (a) Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

#### (b) Financial Statement Presentation

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor or grantor-imposed restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor or grantor-imposed restrictions. Some donor or grantor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other donor or grantor-imposed restrictions are perpetual in nature, where the donor or grantor stipulates that resources can be maintained in perpetuity. Donor or grantor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are included in net assets with donor restriction and released from restriction when the assets are placed into service.

ACGT has committed that as of April 30, 2019 and 2018, 100% of restricted contributions and special events revenues will be used to fund research grants and awards and have been recorded as net assets with donor restriction. Income from investments, including realized and unrealized gains and losses, dividends, and interest are reported as increases (or decreases) in unrestricted net assets unless their use is restricted by explicit donor or grantor-imposed restrictions or by law.

Direct fund-raising expenses amounted to \$57,640 and \$43,145 for the years ended April 30, 2019 and 2018, respectively. In addition, fund-raising expenses included in contributed services amounted to \$102,738 and \$189,236 for the years ended April 30, 2019 and 2018, respectively.

#### (c) Cash and Cash Equivalents

Cash equivalents represent short-term investments with original maturities of three months or less.

## ALLIANCE FOR CANCER GENE THERAPY, INC.

### Notes to Financial Statements

April 30, 2019 and 2018

#### (2) Summary of Significant Accounting Policies (Continued)

##### (d) *Investments*

The Finance/Investment Committee of ACGT's Board of Directors approves and monitors all investments. All investments are reported at fair value in the statements of financial position. Fair values of individual securities are determined by quoted market prices, where available, or by independent pricing services. Unrealized gains and losses on investments are included in the statements of activities. Gains and losses on sales of investments are determined on the basis of specific identification.

##### (e) *Contributions Receivable*

ACGT periodically evaluates the collectability of contributions receivable and records an allowance for uncollectible amounts, as necessary. Management has determined that an allowance is not necessary as of April 30, 2019 and 2018. The contributions receivable balance as of April 30, 2019 is expected to be received within one year of the statement of financial position date.

##### (f) *Grants*

ACGT records grants payable when the grants are approved by its Board of Directors. Grants that are payable beyond one year are reported at the present value of the future cash flows. Discount rate of 2.8% was used for grants issued during the year ended April 30, 2019, and discount rates ranging from 2.4% to 2.7% were used for grants issued during the year ended April 30, 2018.

##### (g) *Revenue Recognition*

Contributions, which include unconditional promises to give, are recognized as revenue in the period received.

Special events revenues are recorded in the period in which each event occurs.

##### (h) *Functional allocation of expense*

The costs of the organization's program and supporting services have been summarized on a functional basis in the statements of functional expenses. The expenses that are allocated include compensation and benefits, professional services, website development, communication, printing and reproduction, events, travel, rent and other miscellaneous expenses. Compensation and benefits are allocated based on each employee's function and job duties. The remaining expenses are reviewed and coded to a specific function as determined by management.

##### (i) *Contributed Services*

ACGT received contributed services from an entity controlled by ACGT's Honorary Chairman of the Board and Co-Founder, consisting primarily of salaries, professional fees and rent. Contributed services are measured at the cost recognized by such entity based on time spent by such entity's personnel in providing those services.

## ALLIANCE FOR CANCER GENE THERAPY, INC.

### Notes to Financial Statements

April 30, 2019 and 2018

#### (2) Summary of Significant Accounting Policies (Continued)

##### (j) *Income Taxes*

ACGT is incorporated in the state of Connecticut. In 2001, ACGT received an exemption from federal income taxes from the Internal Revenue Service under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). U.S. GAAP requires management to evaluate tax positions taken and recognize a tax liability, if ACGT has taken an uncertain tax position that more likely than not would not be sustained upon examination by a government authority. Management has analyzed the tax positions taken by ACGT and has concluded that as of April 30, 2019 and 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. ACGT recognizes accrued interest and penalties associated with uncertain tax positions, if any. There were no income tax related interest and penalties recorded for the years ended April 30, 2019 and 2018.

##### (k) *Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP 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.

##### (l) *New Accounting Pronouncement*

In August 2016, Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 amends the presentation and disclosures to help not-for-profit organizations provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: a) net asset classes, b) investment return, c) expenses, d) liquidity and availability of resources, and e) presentation of operating cash flows. ACGT has adopted the ASU as of and for the year ended April 30, 2019 and has retroactively applied its provisions to all periods presented.

##### (m) *Upcoming Accounting Pronouncements:*

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 985)*. ASU 2018-08 clarifies and improves guidance concerning, 1) evaluating whether a transaction should be accounted for as an exchange transaction or as a contribution, and 2) determining whether a contribution received is conditional.

ASU 2018-08 is effective for annual periods beginning after December 15, 2018 for entities that are resource recipients and for annual periods beginning after December 15, 2019 for entities that are resource providers, with early adoption permitted. ASU 2018-08 should be applied on a modified prospective basis. The adoption of ASU 2018-08 is not expected to have a material impact on the financial statements but will require enhanced disclosures.

## ALLIANCE FOR CANCER GENE THERAPY, INC.

### Notes to Financial Statements

April 30, 2019 and 2018

#### (3) Liquidity and Availability

Financial assets available for general expenditure (without donor or other restrictions limiting their use, within one year of the balance sheet date) are comprised of the following as of April 30, 2019:

Financial assets:	
Cash and cash equivalents	\$ 733,247
Investments	5,397,306
Contributions receivable	<u>176,003</u>
 Total financial assets	 6,306,556
 Less amounts not available to be used within one year:	
Net assets with donor restrictions subject to expenditures for specified purposes	<u>2,132,990</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u><u>\$4,173,566</u></u>

As part of ACGT's liquidity management plan, ACGT structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, ACGT invests cash in excess of daily requirements in investments.

#### (4) Concentration of Support

For the year ended April 30, 2019, one charitable foundation and one individual accounted for 48% of total contributions. For the year ended April 30, 2018, two charitable foundations and one individual accounted for 55% of total contributions.

#### (5) Investments

The fair value of investments are as follows at April 30:

	2019	2018
Exchange-traded funds:		
Domestic equity	\$3,308,880	\$3,021,406
International equity	1,440,163	1,525,241
Fixed income	542,843	553,639
Commodities	57,812	59,429
U.S. government-sponsored enterprise mortgage-backed securities	<u>47,608</u>	<u>60,303</u>
	<u><u>\$5,397,306</u></u>	<u><u>\$5,220,018</u></u>

## ALLIANCE FOR CANCER GENE THERAPY, INC.

### Notes to Financial Statements

April 30, 2019 and 2018

#### (6) Fair Value Measurements

For all financial and nonfinancial assets and liabilities accounted for at fair value on a recurring basis, ACGT utilizes valuation techniques based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect ACGT's market expectations. These two types of inputs create the following fair value hierarchy:

Level 1 – Quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 – Instruments where significant value drivers are unobservable.

When available, ACGT uses quoted market prices to determine fair value and classifies such items in Level 1. In some cases, ACGT uses quoted market prices for similar instruments in active markets and/or model-derived valuations where inputs are observable in active markets and classifies such items in Level 2. When there are limited or inactive trading markets, ACGT uses industry-standard pricing methodologies, including discounted cash flow models, whose inputs are based on management assumptions and available current market information. These items are classified in Level 3. The following section describes the valuation methodologies ACGT uses to measure different financial instruments at fair value.

The financial instruments within the fair value hierarchy are based on the lowest level of any input that is significant to the fair value measurement. The valuation levels are not necessarily an indicator of the risk of the liquidity associated with the underlying assets and liabilities.

#### *Investments in Fixed Maturities and Equity Securities*

Investments included in Level 1 are exchange-traded funds with quoted market prices, and Level 2 include U.S. government-sponsored enterprise mortgage-backed securities that are priced with observable market inputs.

**ALLIANCE FOR CANCER GENE THERAPY, INC.**

Notes to Financial Statements  
April 30, 2019 and 2018

**(6) Fair Value Measurements (Continued)**

***Investments in Fixed Maturities and Equity Securities (continued)***

The following tables present ACGT's financial assets measured at fair value on a recurring basis at April 30, 2019 and 2018, respectively:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>2019 Investments:</b>				
Exchange-traded funds:				
Domestic Equity	\$ 3,308,880	\$ -	\$ -	\$ 3,308,880
International Equity	1,440,163	-	-	1,440,163
Fixed Income	542,843	-	-	542,843
Commodities	57,812	-	-	57,812
U.S. government-sponsored enterprise mortgage-backed securities	-	47,608	-	47,608
<b>Total</b>	<b>\$ 5,349,698</b>	<b>\$ 47,608</b>	<b>\$ -</b>	<b>\$ 5,397,306</b>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>2018 Investments:</b>				
Exchange-traded funds:				
Domestic Equity	\$ 3,021,406	\$ -	\$ -	\$ 3,021,406
International Equity	1,525,241	-	-	1,525,241
Fixed Income	553,639	-	-	553,639
Commodities	59,429	-	-	59,429
U.S. government-sponsored enterprise mortgage-backed securities	-	60,303	-	60,303
<b>Total</b>	<b>\$ 5,159,715</b>	<b>\$ 60,303</b>	<b>\$ -</b>	<b>\$ 5,220,018</b>

## ALLIANCE FOR CANCER GENE THERAPY, INC.

### Notes to Financial Statements April 30, 2019 and 2018

#### (6) Fair Value Measurements (Continued)

The availability of observable market data is monitored to assess the appropriate classifications of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such circumstances, the transfer is reported at the beginning of the reporting period. For the years ended April 30, 2019 and 2018 there were no transfers into or out of Levels 1, 2 or 3.

#### (7) Grants Payable

Research grants payable at April 30 consist of:

	<u>2019</u>	<u>2018</u>
Gross grants payable	\$ 1,840,967	\$ 1,711,939
Less unamortized discount to present value	<u>(27,323)</u>	<u>(11,493)</u>
	<u>\$ 1,813,644</u>	<u>\$ 1,700,446</u>

Research grants payable are scheduled to be paid as follows:

Less than one year	\$ 1,155,765	\$ 1,385,663
One to five years	<u>685,202</u>	<u>326,276</u>
	<u>\$ 1,840,967</u>	<u>\$ 1,711,939</u>

#### (8) Subsequent Events

ACGT has evaluated subsequent events through August 27, 2019, which is the date the financial statements were available to be issued.