

**GATEWAY FOR CANCER RESEARCH  
SCHAUMBURG, ILLINOIS**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2016 AND 2015**



**CliftonLarsonAllen**

**GATEWAY FOR CANCER RESEARCH  
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CliftonLarsonAllen

CliftonLarsonAllen LLP  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Gateway for Cancer Research  
Schaumburg, Illinois

We have audited the accompanying financial statements of Gateway for Cancer Research (Gateway) which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities 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 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 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.

Board of Directors  
Gateway for Cancer Research

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gateway as of June 30, 2016 and 2015, 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Oak Brook, Illinois  
August 25, 2016

**GATEWAY FOR CANCER RESEARCH  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 666,004	\$ 104,257	\$ 770,261
Pledges Receivable, Less Allowance for Uncollectible Pledges of \$35,554	106,048	-	106,048
Investments	11,656,008	-	11,656,008
Due from Related Party	28,751	-	28,751
Prepaid Expenses	51,602	-	51,602
Interests in Limited Partnerships	8,350	-	8,350
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 12,516,763</u>	<u>\$ 104,257</u>	<u>\$ 12,621,020</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Accrued Grants	\$ 7,978,285	\$ -	\$ 7,978,285
Accounts Payable	34,512	-	34,512
Deferred Revenue	47,700	-	47,700
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	8,060,497	-	8,060,497
<b>NET ASSETS</b>	<u>4,456,266</u>	<u>104,257</u>	<u>4,560,523</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities and Net Assets	<u>\$ 12,516,763</u>	<u>\$ 104,257</u>	<u>\$ 12,621,020</u>

See accompanying Notes to Financial Statements.

**GATEWAY FOR CANCER RESEARCH  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2015**

	Unrestricted	Temporarily Restricted	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,300,328	\$ 158,287	\$ 2,458,615
Pledges Receivable, Less Allowance for Uncollectible Pledges of \$48,068	130,461	-	130,461
Investments	10,100,452	-	10,100,452
Due from Related Party	129,079	-	129,079
Prepaid Expenses	37,000	-	37,000
Interests in Limited Partnerships	8,350	-	8,350
	<u>\$ 12,705,670</u>	<u>\$ 158,287</u>	<u>\$ 12,863,957</u>
<b>Total Assets</b>			
	<u>\$ 12,705,670</u>	<u>\$ 158,287</u>	<u>\$ 12,863,957</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Accrued Grants	\$ 5,566,657	\$ -	\$ 5,566,657
Deferred Revenue	6,000	-	6,000
	<u>5,572,657</u>	<u>-</u>	<u>5,572,657</u>
<b>Total Liabilities</b>	<u>5,572,657</u>	<u>-</u>	<u>5,572,657</u>
<b>NET ASSETS</b>	<u>7,133,013</u>	<u>158,287</u>	<u>7,291,300</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 12,705,670</u>	<u>\$ 158,287</u>	<u>\$ 12,863,957</u>

See accompanying Notes to Financial Statements.

**GATEWAY FOR CANCER RESEARCH  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES AND SUPPORT</b>			
Contributions	\$ 947,789	\$ 57,448	\$ 1,005,237
Special Events	2,215,403	-	2,215,403
In-Kind Donation of Professional Services	2,362,825	-	2,362,825
Termination of Study Grants	489,722	-	489,722
Interest and Dividend Income, Net of Fees of \$19,633	392,958	-	392,958
Net Realized and Unrealized Losses on Investments	(372,960)	-	(372,960)
Net Assets Released from Restrictions	111,478	(111,478)	-
	<u>6,147,215</u>	<u>(54,030)</u>	<u>6,093,185</u>
Total Revenues and Support			
	6,147,215	(54,030)	6,093,185
<b>EXPENSES</b>			
Board of Scientific Counselors	63,566	-	63,566
Cancer Research Grant Awards	6,158,037	-	6,158,037
In-Kind Services	2,362,825	-	2,362,825
Special Events	207,395	-	207,395
Miscellaneous	32,139	-	32,139
	<u>8,823,962</u>	<u>-</u>	<u>8,823,962</u>
Total Expenses			
	8,823,962	-	8,823,962
<b>CHANGE IN NET ASSETS</b>	(2,676,747)	(54,030)	(2,730,777)
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>7,133,013</u>	<u>158,287</u>	<u>7,291,300</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 4,456,266</u>	<u>\$ 104,257</u>	<u>\$ 4,560,523</u>

See accompanying Notes to Financial Statements.

**GATEWAY FOR CANCER RESEARCH  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>			
Contributions	\$ 733,620	\$ 94,874	\$ 828,494
Special Events	2,423,987	-	2,423,987
In-Kind Donation of Professional Services	2,269,244	-	2,269,244
Termination of Study Grants	133,087	-	133,087
Interest and Dividend Income, Net of Fees of \$20,032	331,156	-	331,156
Net Realized and Unrealized Losses on Investments	(369,807)	-	(369,807)
Net Assets Released from Restrictions	106,738	(106,738)	-
	<u>5,628,025</u>	<u>(11,864)</u>	<u>5,616,161</u>
Total Revenues and Support			
	5,628,025	(11,864)	5,616,161
<b>EXPENSES</b>			
Board of Scientific Counselors	49,833	-	49,833
Cancer Research Grant Awards	3,907,418	-	3,907,418
In-Kind Services	2,269,244	-	2,269,244
Special Events	215,830	-	215,830
Miscellaneous	23,603	-	23,603
	<u>6,465,928</u>	<u>-</u>	<u>6,465,928</u>
Total Expenses			
	6,465,928	-	6,465,928
<b>CHANGE IN NET ASSETS</b>	(837,903)	(11,864)	(849,767)
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>7,970,916</u>	<u>170,151</u>	<u>8,141,067</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 7,133,013</u>	<u>\$ 158,287</u>	<u>\$ 7,291,300</u>

See accompanying Notes to Financial Statements.



**GATEWAY FOR CANCER RESEARCH  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Change in Net Assets	\$ (2,676,747)	\$ (54,030)	\$ (2,730,777)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:			
Unrealized Losses on Investments	393,654	-	393,654
Realized Gains on Investments	(20,694)	-	(20,694)
Effects of Changes in Operating Assets and Liabilities:			
Pledges Receivable	24,413	-	24,413
Due from Related Party	100,328	-	100,328
Prepaid Expenses	(14,602)	-	(14,602)
Accounts Payable	34,512	-	34,512
Deferred Revenue	41,700	-	41,700
Accrued Grants	<u>2,411,628</u>	<u>-</u>	<u>2,411,628</u>
 Net Cash Provided (Used) by Operating Activities	 294,192	 (54,030)	 240,162
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Investments	520,814	-	520,814
Purchases of Investments	<u>(2,449,330)</u>	<u>-</u>	<u>(2,449,330)</u>
 Net Cash Used by Investing Activities	 <u>(1,928,516)</u>	 <u>-</u>	 <u>(1,928,516)</u>
 <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	 (1,634,324)	 (54,030)	 (1,688,354)
 <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	 <u>2,300,328</u>	 <u>158,287</u>	 <u>2,458,615</u>
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	 <u>\$ 666,004</u>	 <u>\$ 104,257</u>	 <u>\$ 770,261</u>

See accompanying Notes to Financial Statements.

**GATEWAY FOR CANCER RESEARCH  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Change in Net Assets	\$ (837,903)	\$ (11,864)	\$ (849,767)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:			
Unrealized Losses on Investments	370,662	-	370,662
Realized Gains on Investments	(855)	-	(855)
Effects of Changes in Operating Assets and Liabilities:			
Pledges Receivable	127,053	-	127,053
Due from Other Party	(128,503)	-	(128,503)
Prepaid Expenses	(32,000)	-	(32,000)
Accrued Expenses	-	-	-
Deferred Revenue	6,000	-	6,000
Accrued Grants	2,204,362	-	2,204,362
	<u>1,708,816</u>	<u>(11,864)</u>	<u>1,696,952</u>
Net Cash Provided (Used) by Operating Activities	1,708,816	(11,864)	1,696,952
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Investments	2,766	-	2,766
Purchases of Investments	(50,000)	-	(50,000)
	<u>(47,234)</u>	<u>-</u>	<u>(47,234)</u>
Net Cash Used by Investing Activities	(47,234)	-	(47,234)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,661,582	(11,864)	1,649,718
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>638,746</u>	<u>170,151</u>	<u>808,897</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 2,300,328</u></u>	<u><u>\$ 158,287</u></u>	<u><u>\$ 2,458,615</u></u>

See accompanying Notes to Financial Statements.

**GATEWAY FOR CANCER RESEARCH  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Gateway for Cancer Research (Gateway) is a publicly supported organization located in Schaumburg, Illinois that was established on March 18, 1991. Gateway is dedicated to curing cancer through funding patient-centered clinical studies that deliver innovative treatment options to cancer patients. Gateway's fiscal year ends on June 30. Significant accounting policies followed by Gateway are presented below.

**Use of Estimates in Preparing Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

**Financial Statement Presentation**

Financial statement presentation follows accounting principles generally accepted in the United States of America for nonprofit organizations. Accounting principles generally accepted in the United States of America require Gateway to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets defined as follows:

**Unrestricted Net Assets**

Those resources over which the board of directors (board) has discretionary control.

**Temporarily Restricted Net Assets**

Those resources subject to donor-imposed stipulations that may be fulfilled by actions of the board to meet the stipulations, or become unrestricted at the date specified by the donor. When a donor or time restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the Statements of Activities as "Net assets released from restrictions."

**Permanently Restricted Net Assets**

Those resources subject to donor-imposed stipulations that they be maintained permanently. As of June 30, 2016 and 2015, Gateway has no permanently restricted net assets.

**GATEWAY FOR CANCER RESEARCH  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

Gateway considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Gateway maintains its cash balances in various accounts at financial institutions which may exceed Federal Deposit Insurance Corporation limits from time to time. Gateway has not experienced any losses in such accounts and management believes that Gateway is not exposed to any significant credit risk on cash.

**Investments**

Investments include exchange-traded, closed-end, and other mutual funds. Investments are carried at fair value with unrealized and realized gains and losses on investments reported as an increase or decrease in unrestricted, temporarily restricted, or permanently restricted net assets based upon donor-imposed restrictions.

Investment income is reported in the Statements of Activities as unrestricted, temporarily restricted, or permanently restricted revenue based upon donor-imposed restrictions.

**Interests in Limited Partnerships**

Interests in limited partnerships are recorded at the fair value of the donor's capital contribution to the partnership on the date of donation. Revenues earned from these limited partnerships are recorded at the time that allocated earnings to Gateway are available for distribution and distribution to Gateway is certain.

**Revenues and Support**

Contributions are recognized as revenue when the donor makes a promise to give to Gateway that is, in substance, unconditional. Support that is restricted by the donor is reported as an increase in temporarily restricted net assets. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets.

**Deferred Revenue**

Gateway defers revenue recognition when fundraising event ticket proceeds are received in advance of the period in which the fundraising event will be held. Until the fundraising event occurs, the proceeds are reflected as a liability within deferred revenue on the Statements of Financial Position.

**GATEWAY FOR CANCER RESEARCH  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accrued Grants**

Gateway accrues a liability and recognizes expense for the full amount of the grants upon approval for funding by Gateway's board of directors (board) and Board of Scientific Counselors. Funding will be provided for start-up costs with the remainder of the grant liability to be paid equitably as patients are accrued for the study and satisfactory progress is being achieved. Management regularly monitors each open grant. Termination of a grant occurs upon a discussion with the board of scientific counselors, the researcher, and his/her institution, followed by a formal vote of Gateway's board.

**Donated Services**

Donated services are recognized as contributions in accordance with accounting principles generally accepted in the United States of America, if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Gateway. Donated services from volunteers who have devoted their time for administrative tasks and others who have contributed their time for the production of various fundraising events are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

**Tax-Exempt Status**

Gateway is a tax-exempt organization as defined by Section 501(c)(3) of the Internal Revenue Code. In addition, Gateway qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). There were no taxes owed for the years ended June 30, 2016 and 2015.

Gateway evaluates its exposure for uncertain tax positions on an annual basis. As of June 30, 2016 and 2015, there were no liabilities related to uncertain tax positions.

**GATEWAY FOR CANCER RESEARCH  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recent Accounting Pronouncements**

**Revenue Recognition**

In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for Gateway for annual periods beginning after December 15, 2018. Early adoption is permitted beginning for annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. While Gateway does not anticipate to be affected by the new standard based upon its current revenue streams, management is aware that if Gateway developed any program-related revenue generating activity in the future, it may apply.

**Leases**

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance changes the accounting for sale and leaseback transactions to conform to the new revenue recognition standard. The guidance also requires both qualitative and quantitative disclosures regarding the nature of Gateway's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. Management does not anticipate any significant impact of the amended lease guidance on Gateway's financial statements.

**GATEWAY FOR CANCER RESEARCH  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015**

**NOTE 2 PLEDGES RECEIVABLE**

Pledges receivable are unconditional promises to give and consist of the following:

	<u>2016</u>	<u>2015</u>
Unrestricted Pledges:		
Medical Research Charities Pledges	\$ 99,114	\$ 92,529
Special Events Pledges	42,488	86,000
Less: Allowance for Uncollectible Pledges	<u>(35,554)</u>	<u>(48,068)</u>
Total Pledges Receivable	<u>\$ 106,048</u>	<u>\$ 130,461</u>

All 2016 pledges receivable are due within one year.

**NOTE 3 INVESTMENTS**

<u>June 30, 2016</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Exchange-Traded and Closed-End			
Fixed Income and Preferred	\$ 463,720	\$ 393,123	\$ (70,597)
Mutual Funds:			
Fixed Income and Preferred	8,901,052	8,397,424	(503,628)
Alternative	<u>2,999,845</u>	<u>2,865,461</u>	<u>(134,384)</u>
Total	<u>\$ 12,364,617</u>	<u>\$ 11,656,008</u>	<u>\$ (708,609)</u>
 <u>June 30, 2015</u>			
Exchange-Traded and Closed-End			
Fixed Income and Preferred	\$ 414,425	\$ 359,745	\$ (54,680)
Mutual Funds:			
Fixed Income and Preferred	7,548,853	7,318,970	(229,883)
Alternative	<u>2,452,127</u>	<u>2,421,737</u>	<u>(30,390)</u>
Total	<u>\$ 10,415,405</u>	<u>\$ 10,100,452</u>	<u>\$ (314,953)</u>

**GATEWAY FOR CANCER RESEARCH  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015**

**NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS**

In determining fair value, Gateway uses various valuation approaches within the fair value measurement framework of accounting principles generally accepted in the United States of America. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. Accounting principles generally accepted in the United States of America establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizing the use of unobservable inputs by requiring that the most observable inputs be used when available. Accounting principles generally accepted in the United States of America define levels within the hierarchy based on the reliability of inputs as follows:

*Level 1* – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

*Level 2* – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

*Level 3* – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

Fair value of assets and liabilities measured on a recurring basis at June 30, 2016 are as follows:

<u>June 30, 2016</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Other Unobservable Inputs (Level 3)</u>
Exchange-Traded and Closed-End Funds:				
Fixed Income and Preferred	\$ 393,123	\$ 393,123	\$ -	\$ -
Mutual Funds:				
Fixed Income and Preferred	8,397,424	8,397,424	-	-
Alternative	2,865,461	2,865,461	-	-
	<u>\$ 11,656,008</u>	<u>\$ 11,656,008</u>	<u>\$ -</u>	<u>\$ -</u>
Total Assets	<u>\$ 11,656,008</u>	<u>\$ 11,656,008</u>	<u>\$ -</u>	<u>\$ -</u>



**GATEWAY FOR CANCER RESEARCH  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015**

**NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

Fair value of assets and liabilities measured on a recurring basis at June 30, 2015 are as follows:

<u>June 30, 2015</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Other Unobservable Inputs (Level 3)</u>
Exchange-Traded and Closed-End Funds:				
Fixed Income and Preferred	\$ 359,745	\$ 359,745	\$ -	\$ -
Mutual Funds:				
Fixed Income and Preferred	7,318,970	7,318,970	-	-
Alternative	<u>2,421,737</u>	<u>2,421,737</u>	<u>-</u>	<u>-</u>
 Total Assets	 <u>\$ 10,100,452</u>	 <u>\$ 10,100,452</u>	 <u>\$ -</u>	 <u>\$ -</u>

**NOTE 5 RELATED PARTY TRANSACTIONS**

Cancer Treatment Centers of America (CTCA) is an entity related to Gateway through its administrative sponsorship of Gateway activities. Certain individuals also serve as board members for both organizations. At June 30, 2016 and 2015, CTCA owed Gateway \$28,751 and \$129,079, respectively, for expenses submitted for reimbursement.

Certain program and administrative services were donated to Gateway by CTCA. Total services donated have been valued at \$2,362,825 and \$2,269,244 for the years ended June 30, 2016 and 2015, respectively, and are reflected as "In-kind donation of professional services" in the Statements of Activities.

**GATEWAY FOR CANCER RESEARCH  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015**

**NOTE 6 INTERESTS IN LIMITED PARTNERSHIPS**

Gateway owns interests in limited partnerships that it received as donations. Gateway is a limited partner in each of these partnerships and its percentage interest is either 98% or 99%. Gateway is permitted to share in the partnerships' profits, losses, and distributions in accordance with each partnership agreement. Gateway's benefits are, however, limited to the total value of premiums paid for partnership investments in certain life insurance contracts. As a limited partner in these partnerships, Gateway has no obligations to the partnerships, neither in terms of partnership liability nor to fund additional capital contributions. At June 30, 2016 and 2015, the total carrying value of Gateway's interests in the limited partnerships was \$8,350, and represents the fair value of the donor's initial capital contributions to the partnerships. Information pertaining to Gateway's future benefits as based upon partnership investments in life insurance contracts is currently not available. Through June 30, 2016, Gateway received no distributions from these partnerships.

**NOTE 7 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2016</u>	<u>2015</u>
Allstate Cancer Research Fund	\$ 30,840	\$ 105,840
Specified Cancer Research	73,417	52,447
Total	<u>\$ 104,257</u>	<u>\$ 158,287</u>

The Allstate Cancer Research Fund was established in cooperation with the Allstate Workplace Division of Allstate Insurance. Contributions to the Fund are provided from Allstate employee giving campaigns, Allstate fundraising events, and a commitment from Allstate to allocate a portion of the premiums from cancer policies that it sells. The Fund's purpose is to help researchers discover better and quicker diagnostic methods and more comfortable treatment plans for cancer patients. Grants from the Fund are made by a special committee that includes both Foundation and Allstate representatives.

**GATEWAY FOR CANCER RESEARCH  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015**

**NOTE 8 NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions as follows:

	<u>2016</u>	<u>2015</u>
Restrictions Satisfied by Expenses Incurred:		
Clinical Study Grants Awarded/Paid from the Walter Payton Cancer Fund	\$ 12,688	\$ 10,008
Clinical Study Grants Awarded/Paid from the Pediatric/Adolescent Cancer Fund	1,587	5,358
Clinical Study Grants Awarded for Specified Research	<u>97,203</u>	<u>91,372</u>
Total	<u>\$ 111,478</u>	<u>\$ 106,738</u>

**NOTE 9 FUNCTIONAL EXPENSES**

Expenses incurred by Gateway on a functional basis are as follows:

	<u>2016</u>	<u>2015</u>
Program Services:		
Board of Scientific Counselors	\$ 63,566	\$ 49,833
Cancer Research Grant Awards	6,158,037	3,907,418
In-Kind Research Grants Administration	<u>304,645</u>	<u>308,677</u>
Total Program Services	6,526,248	4,265,928
Supporting Services:		
In-Kind Services	2,058,180	1,960,567
Special Events	207,395	215,830
Other	<u>32,139</u>	<u>23,603</u>
Total Supporting Services	<u>2,297,714</u>	<u>2,200,000</u>
Total Expenses	<u>\$ 8,823,962</u>	<u>\$ 6,465,928</u>

**NOTE 10 CASH FLOW DISCLOSURES**

There was no cash paid for interest or income taxes during the years ended June 30, 2016 and 2015. Furthermore, there were no non-cash financing or investing transactions during those same years ended.

**GATEWAY FOR CANCER RESEARCH  
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**NOTE 11 SIGNIFICANT CONCENTRATIONS**

Accounting principles generally accepted in the United States of America require disclosure of information about current vulnerabilities due to certain concentrations. These matters include the following:

During the years ended June 30, 2016 and 2015, Gateway held a "gala" fundraising event that generated revenues comprising approximately 31% and 38%, respectively, of total revenues for those years then ended.

**NOTE 12 SUBSEQUENT EVENTS**

Management evaluated subsequent events through August 25, 2016, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2016, but prior to August 25, 2016 that provided additional evidence about conditions that existed at June 30, 2016, have been recognized in the financial statements for the year ended June 30, 2016. Events or transactions that provided evidence about conditions that did not exist at June 30, 2016, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2016. Management has determined that there were no events or transactions which would require disclosure in the financial statements either individually or in the aggregate for the year ended June 30, 2016.