PEDIATRIC BRAIN TUMOR FOUNDATION OF THE UNITED STATES, INC.

Financial Statements as of and for the
Years Ended December 31, 2014 and 2013 and
Independent Auditors' Report

DIXON HUGHES GOODMAN LLP

PEDIATRIC BRAIN TUMOR FOUNDATION OF THE UNITED STATES, INC.

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December 31, 2014 and 2013

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Pediatric Brain Tumor Foundation of the United States, Inc.

Report on the Financial Statements

We have audited the accompanying statements of financial position of the Pediatric Brain Tumor Foundation of the United States, Inc. (the "Foundation") as of December 31, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 Foundation'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 Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating

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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 Pediatric Brain Tumor Foundation of the United States, Inc. at December 31, 2014 and 2013, and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Dixon Hughes Goodman LLP

Asheville, North Carolina
April 17, 2015

PEDIATRIC BRAIN TUMOR FOUNDATION OF THE UNITED STATES, INC.

Statements of Financial Position

December 31, 2014 and 2013

	2014	2013
Assets		
Cash and cash equivalents	$ 281,906	$ 625,974
Investments	4,179,047	5,099,650
Accounts receivable	10,958	29,518
Contributions receivable	34,856	51,720
Other assets	85,198	86,625
Property and equipment, net	226,331	213,503
Total assets	$ 4,818,296	$ 6,106,990
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 290,868	$ 113,186
Grants payable	1,566,665	1,666,667
Total liabilities	1,857,533	1,779,853
Net assets:		
Unrestricted:		
Board designated–quasi-endowment	2,400,000	3,000,000
Available for operations	458,513	1,177,813
Total unrestricted net assets	2,858,513	4,177,813
Temporarily restricted net assets	102,250	149,324
Total net assets	2,960,763	4,327,137
Total liabilities and net assets	$ 4,818,296	$ 6,106,990

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

PEDIATRIC BRAIN TUMOR FOUNDATION OF THE UNITED STATES, INC.

Statements of Activities

For the Years Ended December 31, 2014 and 2013

	2014		
	Unrestricted	**Temporarily Restricted**	**Total**
Revenues, gains, and other support:			
Public contributions	$ 4,486,350	$ 102,250	$ 4,588,600
Non-cash contributions	638,125	-	638,125
Investment income	304,117	-	304,117
Net assets released from restrictions	149,324	(149,324)	-
Total revenues, gains, and other support	5,577,916	(47,074)	5,530,842
Expenses:			
Programs	5,525,572	-	5,525,572
Management and general	684,305	-	684,305
Fundraising	687,339	-	687,339
Total expenses	6,897,216	-	6,897,216
Change in net assets	(1,319,300)	(47,074)	(1,366,374)
Net assets at beginning of year	4,177,813	149,324	4,327,137
Net assets at end of year	$ 2,858,513	$ 102,250	$ 2,960,763

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

2013		
	Temporarily	
Unrestricted	**Restricted**	**Total**
$ 4,069,175	$ 149,324	$ 4,218,499
498,349	-	498,349
684,960	-	684,960
430,980	(430,980)	-
5,683,464	(281,656)	5,401,808
4,959,345	-	4,959,345
517,101	-	517,101
439,868	-	439,868
5,916,314	-	5,916,314
(232,850)	(281,656)	(514,506)
4,410,663	430,980	4,841,643
$ 4,177,813	$ 149,324	$ 4,327,137

PEDIATRIC BRAIN TUMOR FOUNDATION OF THE UNITED STATES, INC.

Statements of Functional Expenses

For the Years Ended December 31, 2014 and 2013

	2014				
	Program	Management and General	Fundraising	Total Supporting Services	Total
Salaries and related expenses	$ 1,450,766	$ 322,743	$ 350,396	$ 673,139	$ 2,123,905
Research grants	1,754,360	-	-	-	1,754,360
Ride for Kids® donated expenses	507,681	-	-	-	507,681
Ride for Kids® expenses	144,161	-	26,722	26,722	170,883
Direct aid to families	204,742	-	-	-	204,742
Scholarship awards	124,500	-	-	-	124,500
Awards and honorariums	2,410	153	-	153	2,563
Conferences	97,148	-	-	-	97,148
Services	122,760	35,372	37,335	72,707	195,467
Office expenses	13,232	20,895	5,914	26,809	40,041
Equipment rental	178,156	2,228	18,447	20,675	198,831
Video	7,908	-	504	504	8,412
Advertising	2,240	1,268	295	1,563	3,803
Repairs and maintenance	1,704	6,052	11,684	17,736	19,440
Rent and utilities	146,418	35,569	35,684	71,253	217,671
Telephone	21,952	9,483	3,895	13,378	35,330
Auto expense	70,487	924	9,598	10,522	81,009
Travel	297,170	13,196	39,504	52,700	349,870
Supplies	13	-	5,203	5,203	5,216
Training	304	5,789	161	5,950	6,254
Professional fees	79,771	68,417	-	68,417	148,188
Insurance	11,369	11,162	223	11,385	22,754
Printing and postage	190,269	4,936	98,001	102,937	293,206
Fees and licenses	48,614	65,565	31,858	97,423	146,037
IT services	591	12,994	-	12,994	13,585
Depreciation	44,425	7,926	10,525	18,451	62,876
Bad debt	-	-	-	-	-
Other	2,421	59,633	1,390	61,023	63,444
Total expenses	$ 5,525,572	$ 684,305	$ 687,339	$ 1,371,644	$ 6,897,216

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

2013				
			Total	
	Management		Supporting	
Program	and General	Fundraising	Services	Total
$ 1,026,502	$ 273,785	$ 255,875	$ 529,660	$ 1,556,162
2,058,117	-	-	-	2,058,117
452,036	-	-	-	452,036
156,865	-	14,397	14,397	171,262
-	-	-	-	-
99,732	-	-	-	99,732
3,265	-	-	-	3,265
40,616	-	-	-	40,616
185,014	34,161	46,625	80,786	265,800
8,884	36,120	505	36,625	45,509
151,238	1,349	-	1,349	152,587
12,089	-	-	-	12,089
23	75	-	75	98
-	13,568	-	13,568	13,568
130,904	38,064	14,961	53,025	183,929
18,213	3,595	1,107	4,702	22,915
66,544	1,805	4,229	6,034	72,578
256,988	16,382	30,213	46,595	303,583
-	-	5,272	5,272	5,272
-	9,918	-	9,918	9,918
25,344	38,363	-	38,363	63,707
11,005	-	-	-	11,005
113,746	7,479	43,472	50,951	164,697
66,771	2,312	10,940	13,252	80,023
23,148	4,131	5,485	9,616	32,764
18,387	3,316	4,370	7,686	26,073
3,065	-	-	-	3,065
30,849	32,678	2,417	35,095	65,944
$ 4,959,345	$ 517,101	$ 439,868	$ 956,969	$ 5,916,314

PEDIATRIC BRAIN TUMOR FOUNDATION OF THE UNITED STATES, INC.

Statements of Cash Flows

For the Years Ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Change in net assets	$ (1,366,374)	$ (514,506)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	62,876	26,071
Net realized and unrealized gains on investments	(185,744)	(522,843)
Changes in assets and liabilities:		
Accounts receivable	18,560	(42,861)
Contributions receivable	16,864	-
Other assets	1,427	(26,544)
Accounts payable and accrued expenses	177,682	(6,993)
Grants payable	(100,002)	124,999
Net cash used by operating activities	(1,374,711)	(962,677)
Cash flows from investing activities:		
Purchases of investments	(118,653)	(159,246)
Sales of investments	1,225,000	500,000
Purchase of property and equipment	(75,704)	(206,722)
Net cash provided by investing activities	1,030,643	134,032
Net decrease in cash and cash equivalents	(344,068)	(828,645)
Cash and cash equivalents, beginning of year	625,974	1,454,619
Cash and cash equivalents, end of year	$ 281,906	$ 625,974

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

1. Summary of Significant Accounting Policies

Organization - Pediatric Brain Tumor Foundation of the United States, Inc. (the "Foundation") is a national non-profit organization dedicated to funding brain tumor research with an emphasis on pediatrics, increasing public awareness about the disease of pediatric brain tumors, and providing encouragement, educational and emotional support to the families of children with brain tumors.

The Foundation's goals are achieved through the funding of scientific research projects at leading research facilities across the United States and internationally, that are related to the disease of childhood brain tumors. Research funds are granted through a scientific peer review process. Educational grants are provided to fund medical symposiums in the United States and internationally, and research awards of excellence to recognize outstanding research accomplishments of scientific principle investigators.

The Foundation has provided innovative funding such as an operational grant to fund the creation and support of a national database on the epidemiology of the disease of childhood and adult brain tumors, as well as a founding grant to fund a medical journal in the field of Neuro-Oncology.

Awareness and patient support programs are accomplished through the publication of a quarterly newsletter, through internet broadcasts on topics of education and awareness of pediatric brain tumors, creation, and free distribution of patient literature to families, members of the medical and psychosocial professional community, the implementation of a patient support web site and the Ride for Kids® program. Education scholarships are funded for pediatric brain tumor survivors to accredited institutions beyond high school.

In 2014, the Foundation acquired the Brain Tumor Foundation for Children, Inc., a non-profit organization in Atlanta, Georgia, which provided financial assistance, social support, and information for families of children with brain and spinal cord tumors. The Foundation intends to continue with this mission, as agreed upon in the related purchase agreement, in the form of direct aid to families.

During the second year of the Foundation's 2013-16 strategic plan, The Foundation made critical investments of financial and human capital to achieve six key objectives, including growing existing fundraising programs and creating new revenue sources to fund more research. The Foundation also intentionally invested in creating a network of local chapters to reach and serve more families affected by childhood brain tumors.

To diversify revenue, the Foundation launched a new signature fundraising event, the Starry Night 8.5K walk/run; established new corporate partnerships; created an annual and major giving program to increase non-event revenue; and introduced low-cost, efficient online fundraising pages for community members and endurance athletes. The Ride for Kids program worked with motorcycle industry experts to increase new and return participation; cross-promoted with the Starry Night program and added components to increase non-motorcycle participation.

The Foundation's research investment strategy included establishing a framework for prioritizing funding; creating a Research Advisory Network to provide highly informed perspectives on the biomedical research enterprise; and broadening the scope of the Foundation's research funding and expertise. The Foundation began to expand family support program offerings, including hosting the Foundation's first educational conference for survivors and parents. On the organizational side, the Foundation recruited new board members from the legal, financial services, insurance marketing and hospitality industries; increased board involvement in fundraising and established Chapter offices in Georgia and Illinois.

In 2014 the Foundation created an integrated marketing and communications plan; established stronger brand identity by developing branded websites, fundraising events and educational literature; and expanded communications resources to support new programs and initiatives such as chapters and online fundraising. The Foundation increased the use of social media to communicate mission-driven stories and developed new and updated educational resources for families.

Method of Reporting - The Foundation's accounts are maintained, and these statements are presented, on the accrual basis of accounting to present the results of activities and financial position in conformity with accounting principles generally accepted in the United States of America ("GAAP").

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, or permanently restricted net assets based on stipulations made by the donor. Temporarily restricted contributions received and expended in the same year are reported as unrestricted revenue rather than as temporarily restricted revenue. The Foundation has no permanently restricted net assets.

Contributions - Unconditional promises to give and contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of donor restrictions.

The Foundation records gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, as well as gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or purchased long-lived assets are acquired and/or placed in service.

Accordingly, the Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated assets are recorded at fair market value on the date of receipt. A substantial number of unpaid volunteers have donated significant amounts of their time to the Foundation's programs. If donated services either created or enhanced non-financial assets or required specialized skills that would have to be purchased if not donated, the value of those donated services would be recorded. To that end, non-cash contributions of equipment, materials, motorcycles, food, and professional and other services in the amount of $638,125 and $498,349 are included in the 2014 and 2013 statements of activities, respectively.

Functional Expenses - The Foundation allocates its expenses on a functional basis among its programs and supporting services. Expenses that can be identified with a specific program and support service are allocated directly according to their nature and expense classification. Other expenses that are common to several functions are allocated based upon management's best estimates of time spent or facilities used.

Allocation of Joint Costs - The Foundation conducts a direct mail campaign that includes requests for contributions, as well as program components. The cost of conducting that campaign included approximately $30,000 of joint costs for the years ended December 31, 2014 and 2013, which are not specifically attributable to particular components of the campaign. For the years ended December 31, 2014 and 2013, the Foundation allocated $14,987 and $14,529, respectively, to program expense, and allocated another $14,987 and $14,529, respectively, to fundraising expense on the accompanying statements of activities.

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

Investments - Investments include cash and cash equivalents, money market funds, mutual funds, common stock, and corporate obligations and bond funds. Investments in equity securities with readily determinable fair value and all investments in debt securities are measured at fair value in the statements of financial position.

Fair Value Measurements - Fair value as defined under GAAP is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation utilizes market data or assumptions that market participants would use in pricing the asset or liability. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1: Observable inputs such as quoted prices in active markets.
- Level 2: Inputs other than quoted prices in active markets that are either directly or indirectly observable.
- Level 3: Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Property and Equipment - Property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. Depreciable lives range from three to seven years. The Foundation capitalizes and depreciates all capital expenditures in excess of $500.

Income Taxes - The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Foundation has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2014. Fiscal years ending on or after December 31, 2011 remain subject to examination by federal and state tax authorities.

Concentration of Credit Risk - The Foundation maintains bank accounts with various financial institutions throughout the United States. Accounts at each institution are insured by the Federal Deposit Insurance Corporation. At times, the Foundation has cash balances that exceed the insured amount. Management believes that the risks related to these deposits are minimal.

2. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all short-term liquid investments with maturities of three months or less (except money market funds held in the investment portfolios) to be cash equivalents. See Note 6 for a further description of restricted cash.

At December 31, 2014 and 2013, cash and cash equivalents consist of the following:

	2014	2013
Cash	$ 179,656	$ 476,650
Restricted cash	102,250	149,324
Total	$ 281,906	$ 625,974

3. Fair Value of Financial Assets

Prices for certain investments such as common stock, money market funds, and mutual funds are readily available in active markets in which those securities are traded, and the resulting fair values are categorized as Level 1. Prices for corporate bonds are determined on a recurring basis based on inputs readily available in public markets or can be derived from information available in publicly quoted markets and are categorized as Level 2.

There were no changes, during the years ended December 31, 2014 and 2013, to the Foundation's valuation techniques used to measure asset and liability fair values on a recurring basis.

The following tables set forth by level within the fair value hierarchy the Foundation's financial assets accounted for at fair value on a recurring basis as of December 31, 2014 and 2013. Assets are classified in their entirety 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 requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. Assets at fair value as of December 31, 2014 and 2013 consist of the following:

	Assets at Fair Value as of December 31, 2014			
	(Level 1)	(Level 2)	(Level 3)	Fair Value
Money market funds	$ 154,963	$ -	$ -	$ 154,963
Mutual funds and ETFs:				
Bond funds	533,300	-	-	533,300
Common stocks	2,206,939	-	-	2,206,939
Corporate bonds and government securities	-	1,270,342	-	1,270,342
	$2,895,202	$1,270,342	$ -	$4,164,544

	Assets at Fair Value as of December 31, 2013			
	(Level 1)	(Level 2)	(Level 3)	Fair Value
Money market funds	$ 111,869	$ -	$ -	$ 111,869
Mutual funds and ETFs:				
Bond funds	2,133,801	-	-	2,133,801
Equity funds	836,917	-	-	836,917
Common stocks	2,016,626	-	-	2,016,626
	$5,099,213	$ -	$ -	$5,099,213

The Foundation has $13,503 and $437 of cash and cash equivalents held in investment accounts as of December 31, 2014 and 2013, respectively, which was not classified as a level as prescribed within the provision.

The Foundation recognizes transfers between the levels as of the beginning of the reporting period. There were no gross transfers between the levels for the years ended December 31, 2014 and 2013.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The components of investment income for the years ended December 31, 2014 and 2013 are as follows:

	2014	2013
Interest and dividend income	$ 118,373	$ 162,117
Net realized gains	737,599	165,522
Net unrealized gains (losses)	(551,855)	357,321
	$ 304,117	$ 684,960

4. **Property and Equipment**

At December 31, 2014 and 2013, property and equipment consist of the following:

	2014	2013
Computer equipment	$ 165,600	$ 154,877
Furniture	132,645	132,123
Telephone system	33,095	32,056
Leasehold improvements	99,345	83,545
Other office equipment	316,484	268,862
	747,169	671,463
Less accumulated depreciation	(520,838)	(457,960)
Property and equipment, net	$ 226,331	$ 213,503

5. **Grants Payable**

Grants payable at December 31, 2014 and 2013, include the following:

	2014	2013
Pediatric Brain Tumor Foundation Research Institute grants	$ 1,016,665	$ 1,666,667
Opportunity and Science Toolbox Grants	550,000	-
Grants Payable	$ 1,566,665	$ 1,666,667

6. **Temporarily Restricted Net Assets**

Temporarily restricted net assets at December 31, 2014 and 2013, consist of the following:

	2014	2013
Subsequent year Ride for Kids®	$ 102,250	$ 149,324

7. **Quasi-Endowment**

The Foundation's endowment was organized to support the financial operations of the Foundation. The Foundation's endowment funds include board designated funds classified as unrestricted. During 2014, the Board elected to reduce the amount of the endowment by $600,000, from $3,000,000 to $2,400,000, for operational use. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Board of Directors of the Foundation has interpreted the North Carolina Uniform Prudent Management of Institutional Funds Act (the "Act") 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. As a result of this interpretation, the Foundation has classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulated is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Foundation in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) The investment policies of the Foundation

Return Objectives and Risk Parameters - The Foundation has adopted investment and spending policies for endowment assets that are intended to provide an ongoing stream of funding for financial assistance that is supported by the endowment. Endowment assets include assets of donor-restricted funds that the organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce a high level of total investment return consistent with a prudent level of portfolio risk. The Foundation expects its endowment funds, over time, to provide a rate of return similar to that of other investments of the Foundation.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, 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 targets a diversified asset allocation that includes fixed income instruments and equity-based investments to achieve its long-term return objectives within prudent risk constraints.

8. Net Assets Released from Restrictions

Net assets released from restrictions for the years ended December 31, 2014 and 2013, consist of the following:

	2014	2013
Ride for Kids® contributions and sponsorships	$ 149,324	$ 322,923
Tim and Tom Gullikson Family Support Fund	-	108,057
	$ 149,324	$ 430,980

9. Commitments

Operating Lease - The Foundation has an operating lease agreement for the rental of office space in Asheville, North Carolina and Atlanta, Georgia. Rent expense for the year totaled $205,147. The agreement for the Asheville space expires in March 2022. The agreement for the Atlanta space expires in July 2015 Annual future minimum payments are as follows:

Years Ending December 31,	
2015	$ 159,608
2016	145,605
2017	149,348
2018	153,120
2019	156,977
2020	160,949
2021	165,035
2022	41,517
	$ 1,132,159

Conditional Grants - In 2014, three $1 million grants were approved to existing research facilities for the purpose of funding a multi-year research program. Actual funding of these grants is to be paid out to the grant recipients in installments for three years beginning in 2015 and ending in December 2017. Anticipated grant payments of $1,016,666 have been included in grants payable at December 31, 2014. Future grant payments are contingent upon the Foundation’s ability to generate future revenue and the recipient’s ability to meet the grant’s ongoing conditions and have therefore been excluded from the grants payable liability.

In December 2014, the Foundation also approved three grants to be awarded in the amount of $100,000 each and one grant in the amount of $250,000, with recipients to be decided upon in 2015 either for opportunity or science toolbox grants. Anticipated grant payments of $550,000 have been included in grants payable at December 31, 2014 related to these grants. Future grant payments are contingent upon the Foundation’s ability to generate future revenue and the recipient’s ability to meet the grant’s ongoing conditions and have therefore been excluded from the grants payable liability.

10. Retirement Plan

In 2014, the Foundation terminated the 403(b) plan and created a new 401(k) plan. The Foundation sponsors a 401(k) defined contribution pension plan covering all its employees. The Foundation matches 100% of eligible employee contributions up to

3% of employees' annual compensation plus 50% of eligible employee contributions up to 6% of the employees' annual compensation. The employees are immediately vested in their contributions. Foundation matching contributions begin when an employee begins contributing and are 100% vested immediately. Profit sharing contributions, in an amount to be determined by the Foundation each year, begin after one year of service eligibility requirement is met. Retirement plan expense amounted to $41,259 and $17,023 for the years ended December 31, 2014 and 2013, respectively.

11. Related Party Transactions

During 2014 and 2013, approximately $125,000 and $38,000, respectively, in legal fees were donated by a member of the Board of the Foundation. These amounts are included in professional fees and non-cash contributions.

12. Risks and Uncertainties

A significant portion of the Foundation's assets is held in various investment options. Investment securities are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is possible that changes in values of investment securities will occur and that such changes could materially affect the amounts reported in the financial statements.

13. Subsequent Events

Subsequent events have been evaluated through April 17, 2015, which is the date the financial statements were available to be issued.