



LIFE SCIENCES RESEARCH FOUNDATION

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

MAY 31, 2009 AND 2008

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To the Board of Trustees
Life Sciences Research Foundation

We have reviewed the accompanying statements of assets, liabilities, and net assets - modified cash basis of Life Sciences Research Foundation as of May 31, 2009 and the related statements of support and revenue, expenses, and changes in net assets - modified cash basis and cash flows - modified cash basis for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Life Sciences Research Foundation.

A review consists principally of inquiries of foundation personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements for the year ended May 31, 2009, in order for them to be in conformity with the modified cash basis of accounting described in Note 1.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with the modified cash basis of accounting. The information included in the accompanying schedules is presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

The 2008 financial statements and supplementary information of Life Sciences Research Foundation were reviewed by other accountants, whose report dated December 9, 2008, stated that they were not aware of any material modifications that should be made to those statements and supplementary information in order for them to be in conformity with the modified cash basis of accounting.

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September 8, 2009

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LIFE SCIENCES RESEARCH FOUNDATION
Statements Of Assets, Liabilities, And Net Assets - Modified Cash Basis
May 31, 2009 and 2008

(See Accountant's Report)

	<u>2009</u>	<u>2008</u>
Assets		
Cash and cash equivalents	\$ 368,263	\$ 104,168
Certificates of deposits	950,000	950,000
Total Assets	<u>\$ 1,318,263</u>	<u>\$ 1,054,168</u>
Liabilities And Net Assets		
Liabilities		
Restricted grant advances	\$ 463,862	\$ 127,706
Escrow payable	59,955	67,393
Total Liabilities	<u>523,817</u>	<u>195,099</u>
Commitments (Note 3)		
Net Assets, Unrestricted	<u>794,446</u>	<u>859,069</u>
Total Liabilities and Net Assets	<u>\$ 1,318,263</u>	<u>\$ 1,054,168</u>

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

LIFE SCIENCES RESEARCH FOUNDATION
Statements Of Support And Revenue, Expenses,
And Changes In Net Assets - Modified Cash Basis
Years Ended May 31, 2009 And 2008

(See Accountant's Report)

	<u>2009</u>	<u>2008</u>
Support and Revenue		
Restricted grants	\$ 1,016,010	\$ 1,064,261
Unrestricted grants, Baltimore	25,000	19,000
Unrestricted grants, Princeton	12,000	12,000
Unrestricted gifts	77,020	8,000
Interest	43,214	56,732
Grant forfeitures	308	414,332
Escrow forfeitures	-0-	63,515
Gain on sale of securities	4,936	-0-
Total Support and Revenue	<u>1,178,488</u>	<u>1,637,840</u>
Expenses:		
Program services		
Research grants paid	1,172,920	1,280,927
Supporting services		
Administrative expenses	68,870	66,461
Fund-raising expenses	1,321	-0-
Total supporting services	<u>70,191</u>	<u>66,461</u>
Total Expenses	<u>1,243,111</u>	<u>1,347,388</u>
 Change in Net Assets	 (64,623)	 290,452
 Net Assets (Unrestricted), Beginning of Year	 <u>859,069</u>	 <u>568,617</u>
 Net Assets (Unrestricted), End of Year	 <u>\$ 794,446</u>	 <u>\$ 859,069</u>

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

LIFE SCIENCES RESEARCH FOUNDATION
Statements Of Cash Flows - Modified Cash Basis
Years Ended May 31, 2009 and 2008

(See Accountant's Report)

	<u>2009</u>	<u>2008</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (64,623)	\$ 290,452
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Noncash contributions	(51,920)	-0-
Gain on sale of securities	(4,936)	-0-
Changes in operating assets and liabilities:		
Restricted grant advances	336,156	(467,106)
Escrow payable	(7,438)	(51,421)
Net Cash Provided by (Used in) Operating Activities	<u>207,239</u>	<u>(228,075)</u>
Cash Flows From Investing Activities		
Proceeds from sale of securities	56,856	-0-
Increase in certificates of deposit	-0-	260,000
Net Cash Provided by Investing Activities	<u>56,856</u>	<u>260,000</u>
Net Increase in Cash and Cash Equivalents	264,095	31,925
Cash and Cash Equivalents at Beginning of Year	<u>104,168</u>	<u>72,243</u>
Cash and Cash Equivalents at End of Year	<u>\$ 368,263</u>	<u>\$ 104,168</u>

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

LIFE SCIENCES RESEARCH FOUNDATION
Notes To Financial Statements
May 31, 2009 and 2008

(See Accountant's Report)

Note 1: Summary of Significant Accounting Policies

Life Sciences Research Foundation (the Foundation) has been recognized by the Internal Revenue Service as a tax-exempt organization as defined by §501(c)(3) of the Internal Revenue Code (IRC). The Foundation was incorporated in the District of Columbia on June 25, 1981, for the purpose of funding basic research in the biological sciences at various institutions. Postdoctoral fellowships are awarded to qualifying scientists selected by the Foundation's peer review committee. Funds to support the fellowships come from corporate sponsors and other foundations.

The Foundation elected to be treated as a qualified fund under IRC §41(e)(6)(D). This election allows the Foundation to be treated as a pass-through qualifying organization, thereby enabling corporate contributions to be eligible for the credit for increased research activities. As a qualifying fund, the Foundation is subject to the rules governing private foundations.

The accounting and reporting policies of the Foundation conform to the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Following is a description of the most significant of those policies:

Method of Accounting: The financial statements have been prepared on the modified cash basis of accounting, with the deferral of restricted grant revenue, which is recognized as revenue in proportion to the research grants paid. This basis differs from accounting principles generally accepted in the United States of America primarily because the Foundation has not recognized receivables, prepayments, and payables.

Financial Statement Presentation: The Foundation is required to report information according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Foundation only had unrestricted net assets as of May 31, 2009 and 2008.

Cash and Cash Equivalents: The Foundation classifies all investments which are readily convertible to cash and which have a maturity of three months or less when purchased as cash equivalents.

Contributions and Grants: Contributions received and grants paid by the Foundation are presented at their market value on the date of such contribution or grant. For tax purposes, the Foundation records all contributions received at the donor's basis.

Revenue Recognition and Restricted Grant Advances: Substantially all of the Foundation's revenue is derived from restricted grants, which are recognized as revenue in proportion to the research grants paid. Unexpended research grants received are recorded as restricted grant advances in the statements of assets, liabilities, and net assets - modified cash basis. All other sources of revenue, such as unrestricted gifts and interest, are recognized when received.

Subsequent Events: In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 8, 2009, the date the financial statements were available to be issued.

LIFE SCIENCES RESEARCH FOUNDATION
Notes To Financial Statements
May 31, 2009 and 2008

(See Accountant's Report)

Note 2: Cash and Cash Equivalents

Cash and cash equivalents consisted of Smith Barney Government Money Market Funds as of May 31, 2009 and 2008.

Note 3: Commitments

As of May 31, 2009, the Foundation was committed to make the following grants:

Recipient	Sponsor	Commitment From Program Years				Total
		2009	2008	2007	2006	
Hung-Chun Chang, Ph.D.	The Ellison Medical Foundation	\$ 168,000				\$ 168,000
Ilana Chefetz-Menaker, Ph.D.	Roche Pharmaceuticals	168,000				168,000
Xing Chen, Ph.D.	Pfizer	154,000				154,000
Salvatore Chiantia, Ph.D.	Howard Hughes Medical Institute	168,000				168,000
Guo N. Huang, Ph.D.	O'Donnell Foundation	168,000				168,000
Jessica Hutti, Ph.D.	Life Sciences Research Foundation	168,000				168,000
Christian Kastrop, Ph.D.	Johnson & Johnson	168,000				168,000
James T. Koerber, Ph.D.	Life Sciences Research Foundation	168,000				168,000
Enrico Magnani, Ph.D.	Howard Hughes Medical Institute	168,000				168,000
Lauren Mashburn-Warren, Ph.D.	Howard Hughes Medical Institute	168,000				168,000
Nitin Phadnis, Ph.D.	Howard Hughes Medical Institute	168,000				168,000
Xinnan Wang, Ph.D.	Novartis	168,000				168,000
Keren Ziv, Ph.D.	Pfizer	154,000				154,000
Nicholas Bonawitz, Ph.D.	Life Sciences Research Foundation		\$ 100,000			100,000
Christopher Brown, Ph.D.	Lilly Research Laboratories		112,000			112,000
Michael Cohen, Ph.D.	Amgen		150,000			150,000
Dirk Hockemeyer, Ph.D.	Merck Research Laboratories		100,000			100,000
Xiaoyi Hu, Ph.D.	Gilead Colorado		98,000			98,000
David Savage, Ph.D.	Department of Energy		112,000			112,000
Mohammad Seyedsayamdost, Ph.D.	Novartis Institutes for Biomedical Research		112,500			112,500
Yoav Shaul, Ph.D.	Scherring-Plough Corporation		124,500			124,500
Juan Song, Ph.D.	Life Sciences Research Foundation		100,000			100,000
Qi Zhang, Ph.D.	Baltimore Family Fund		112,000			112,000
Ido Bachelet, Ph.D.	Novartis Institutes for Biomedical Research			\$ 56,000		56,000
Oliver Kent, Ph.D.	Pfizer			56,000		56,000
Dennis Ko, Ph.D.	Wyeth Pharmaceuticals			62,500		62,500
Li Ma, Ph.D.	Susan G. Komen Foundation			37,500		37,500
Meng Wang, Ph.D.	The Ellison Medical Foundation			37,500		37,500
Eric Eckland, Ph.D.	Hoffman-La Roche				\$ 19,073	19,073
Lucy O'Brien, Ph. D.	Genentech				25,000	25,000
		<u>\$ 2,156,000</u>	<u>\$ 1,121,000</u>	<u>\$ 249,500</u>	<u>\$ 44,073</u>	<u>\$ 3,570,573</u>

These grant commitments resulted from the fellowship awards made by the Foundation's peer review committee. Most fellowships pay an established amount annually for a three-year period. For fellowships awarded on or before May 31, 2008, the annual amount is \$50,000 and commencing June 1, 2008, the annual amount is \$56,000. All committed amounts have been pledged by the sponsoring donors. As of May 31, 2009 and 2008, the Foundation had received \$463,862 and \$127,706, respectively, of the pledged amount from the sponsors. This amount is reflected on the statements of assets, liabilities, and net assets - modified cash basis as restricted grant advances.

LIFE SCIENCES RESEARCH FOUNDATION
Notes To Financial Statements
May 31, 2009 and 2008

(See Accountant's Report)

Note 4: Escrow Payable

Unexpended funds of a research grant may be held in escrow, if the recipient so elects, until the end of the three-year fellowship. (This option is not available to recipients sponsored by the Department of Energy.) Otherwise, all unexpended funds must be returned to the sponsor. The maximum amount which can be set aside in escrow in any year is \$5,000. In order to receive the balance in the escrow fund at the end of the three-year fellowship, the recipient cannot seek employment with a for-profit organization. All forfeited escrow balances are deemed to be gifts to the Foundation. The escrow balances do not earn interest.

As of May 31, 2009 and 2008, the escrow payable balance was \$59,955 and \$67,393, respectively. For the years ended May 31, 2009 and 2008, there were escrow forfeitures of \$-0- and \$63,515, respectively.

Note 5: Grant Forfeitures

At the discretion of the donors, any remaining restricted grant advances that are either held for recipients who terminated their research grants or remain unexpended at the end of the grant period may either be:

- a. Returned to the sponsor.
- b. Applied to another research grant recipient.
- c. Reclassified as a gift to the Foundation.

For the years ended May 31, 2009 and 2008, there were grant forfeitures of \$308 and \$414,332, respectively.

Note 6: Minimum Investment Return and Distribution Requirement

A private foundation must currently distribute its minimum investment return in order to avoid the excise tax for failure to distribute income. The minimum investment return is an income equivalent which is essentially determined by multiplying the aggregate fair market value of the Foundation's assets by 5%. For the years ended May 31, 2009 and 2008, the minimum amounted to \$54,338 and \$60,338, respectively.

The Foundation met these distribution requirements by making qualifying distributions in the years ended May 31, 2009 and 2008, of \$1,243,111 and \$1,347,388, respectively. The excesses generated can be applied to offset future distribution requirements.

LIFE SCIENCES RESEARCH FOUNDATION
Notes To Financial Statements
May 31, 2009 and 2008

(See Accountant's Report)

Note 6: Minimum Investment Return and Distribution Requirement (Continued)

A summary of the excess distribution carryovers to future years is as follows:

Year Incurred	Amount	Expiration Date
May 31, 2005	\$ 1,394,244	May 31, 2010
May 31, 2006	1,232,416	May 31, 2011
May 31, 2007	1,280,159	May 31, 2012
May 31, 2008	1,287,050	May 31, 2013
May 31, 2009	1,188,773	May 31, 2014
	<u>\$ 6,382,642</u>	

Note 7: Unrestricted Grants and Gifts

The Foundation receives unrestricted grants from sponsors for administrative fees, which are assessed annually and are collected along with the sponsors' grant payments for fellowship awards. The total administrative fees collected for the years ended May 31, 2009 and 2008, were \$37,000 (Baltimore - \$25,000; Princeton - \$12,000) and \$31,000 (Baltimore - \$19,000; Princeton - \$12,000), respectively.

In addition, the Foundation received the following unrestricted gifts during the years ended June 30, 2009 and 2008:

	2009	2008
Douglas E. Koshland	\$ 51,920	\$ 5,000
Betsy Ferguson	15,000	-0-
Constance Royden	7,500	-0-
Kavli Foundation	2,600	-0-
The Golden Family Foundation	-0-	2,500
Richard Brennan	-0-	500
	<u>\$ 77,020</u>	<u>\$ 8,000</u>

LIFE SCIENCES RESEARCH FOUNDATION

SUPPLEMENTARY INFORMATION

MAY 31, 2009 AND 2008

LIFE SCIENCES RESEARCH FOUNDATION
Schedules Of Research Grants Paid
Years Ended May 31, 2008 And 2007

(See Accountant's Report)

		<u>2009</u>	<u>2008</u>
	<u>2005 Program</u>		
Wenfeng An, Ph.D.	Affymetrix	\$ -0-	\$ 37,500
Matthew Hemm, Ph.D.	Amgen	-0-	62,500
Katja Lamia, Ph.D.	Merck Research Laboratories	16,667	58,333
Seung-Jae Lee, Ph.D.	The Ellison Medical Foundation	-0-	50,000
Jun-Li Luo, Ph.D.	Biogen Idec	-0-	50,000
Kenneth Murray, Ph.D.	Schering Plough Research Institute	-0-	37,500
Daniel Needleman, Ph.D.	Novartis Pharma AG	-0-	37,500
Jason Rihel, Ph.D.	Bristol-Myers Squibb	12,500	50,000
Carrie Rosenberger, Ph.D.	Broad Medical Research Program of The Eli and Edythe L. Broad Foundation	-0-	37,500
		<u>29,167</u>	<u>420,833</u>
	<u>2006 Program</u>		
Dwight Barnes, Ph.D.	Abbott Laboratories	50,000 (2)	50,000
Eric Eckland, Ph.D.	Hoffman-La Roche	50,000	43,427
Nels Elde, Ph.D.	The Ellison Medical Foundation	50,000	50,000
Alessandra Eustaquio, Ph.D.	Tularik	50,000	50,000
Cathie Garnis, Ph.D.	Merck Research Laboratories	-0-	50,000
Andrew Greytak, Ph.D.	Novartis Pharma AG	37,500	50,000
Hong-Ping Guan, Ph.D.	Pfizer	37,500	50,000
Susan Huang, Ph.D.	Pfizer	50,000	50,000
Steven McCarroll, Ph.D.	Lilly Research Laboratories	50,000	50,000
Lucy O'Brien, Ph.D.	Genentech Foundation	50,000	50,000
		<u>425,000</u>	<u>493,427</u>

		2009	2008
<u>2007 Program</u>			
Ido Bachelet, Ph.D.	Novartis Institutes for Biomedical Research	50,000	50,000
Hunter Fraizer, Ph.D.	Lilly Research Laboratories	1,753 (1)	25,000
Oliver Kent, Ph.D.	Pfizer	50,000	50,000
Eunsuk Kim, Ph.D.	Susan G. Komen Foundation	-0- (1)	41,667
Dennis Ko, Ph.D.	Wyeth	50,000 (2)	37,500
Robin Lesley, Ph.D.	Merck Research Laboratories	12,500 (1)	37,500
Li Ma, Ph.D.	Susan G. Komen Foundation	50,000 (2)	50,000
Meng Wang, Ph.D.	The Ellison Medical Foundation	50,000 (2)	62,500
		<u>264,253</u>	<u>354,167</u>
<u>2008 Program</u>			
Nicholas Bonawitz, Ph.D.	Life Sciences Research Foundation	50,000	-0-
Christopher Brown, Ph.D.	Lilly Research Laboratories	50,000	-0-
Dirk Hockemeyer, Ph.D.	Merck Research Laboratories	50,000	-0-
Xiaoyi Hu, Ph.D.	Gilead Colorado	51,500 (2)	12,500
David Savage, Ph.D.	Department of Energy	50,000	-0-
Mohammad Seyedsayamdost, Ph.D.	Novartis Institutes for Biomedical Research	37,500	-0-
Yoav Shaul, Ph.D.	Scherring-Plough Corporation	37,500	-0-
Juan Song, Ph.D.	Life Sciences Research Foundation	50,000	-0-
Qi Zhang, Ph.D.	Baltimore Family Fund	50,000	-0-
		<u>426,500</u>	<u>12,500</u>
<u>2009 Program</u>			
Xing Chen, Ph.D.	Pfizer	14,000 (2)	-0-
Keren Ziv, Ph.D.	Pfizer	14,000 (2)	-0-
		<u>28,000</u>	<u>-0-</u>
Total research grants paid		<u>\$1,172,920</u>	<u>\$1,280,927</u>

(1) Recipient cancelled the remainder of this research grant subsequent to the year ended May 31, 2009.

(2) A portion of this research grant was paid out of unrestricted funds. The sponsor's matching grant will be received in the year ending May 31, 2010.

LIFE SCIENCES RESEARCH FOUNDATION
Schedules of Administrative Expenses
Years Ended May 31, 2009 And 2008

(See Accountant's Report)

	<u>2009</u>	<u>2008</u>
Office expenses	\$ 26,880	\$ 23,597
Annual conference	21,726	23,454
Legal and accounting	10,425	10,125
Administrative expenses (Princeton University)	9,839	9,285
	<u>\$ 68,870</u>	<u>\$ 66,461</u>

