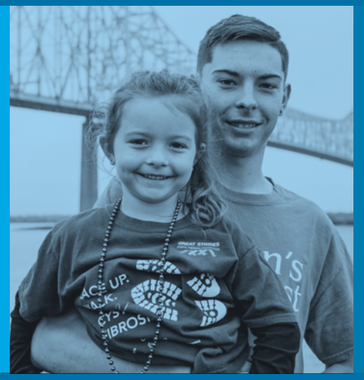

CYSTIC FIBROSIS
FOUNDATION®
UNTIL
IT'S
DONE.



**The mission of the Cystic Fibrosis Foundation** is to cure cystic fibrosis and to provide all people with the disease the opportunity to lead full, productive lives by funding research and drug development, promoting individualized treatment, and ensuring access to high-quality, specialized care.

Front and inside front cover: Quinn, 5, who is living with CF, attended a Cystic Fibrosis Foundation event in Philadelphia with her brother, Parker, and their parents.

# A Message to Our Community

"Each day, we get closer to a world in which every person with CF can make plans that don't include being sick." **Preston W. Campbell**

One of the most inspiring and rewarding aspects of working at the Cystic Fibrosis Foundation is hearing the stories of people with CF and their families as they engage in our mission — through our care center and clinical trial networks, at fundraising and advocacy events, and through our growing community programs.

I recently heard from a young woman with CF, whom I met when I was the director of a CF pediatric care center 30 years ago. It was a different world then: There were no targeted treatments for the symptoms of CF, and the underlying science of the disease had yet to be unlocked.

Because of the unrelenting commitment and focus of our dedicated friends and supporters, we have made sweeping progress since that time. That child I treated in clinic sent me her wedding photo, and many others with CF are meeting milestones we could not have imagined. Even greater promise is on the horizon.

We now have three drugs that treat the underlying cause of the disease in more than half of all people with CF, and clinical trials of next-generation therapies underway now could help bring life-transforming treatments to more than 90 percent of people with CF as soon as 2020. Work being done by researchers around the world in cutting-edge fields like gene editing has the potential to change the future for every person with CF.

Even as we celebrate the extraordinary progress we have made, we know we still have much work to do to ensure all people with CF have the treatments they need, today and in the future.

Our community has defied the odds for years, coming together to realize the dream of a small group of parents who wanted to change what it meant to be diagnosed with CF. Each day, we get closer to the future they envisioned: a world in which every person with CF can make plans that don't include being sick.

Our biggest challenges lie ahead of us. I am confident that, with the power of collaboration and our record of success, we will cross the finish line together.

We will not give up until it's done.

**PRESTON W. CAMPBELL, M.D.**
**PRESIDENT AND CHIEF EXECUTIVE OFFICER**

# Scientific Breakthroughs & the Road Ahead

cff.org/Research

"I was in the hospital for a tune-up when I got the call that I was approved for ivacaftor, and it's an indescribable feeling. Now I can take much deeper breaths than I could before, and I have a lot more energy." **Callie Dolan**

## New Drug Approved

**(TEZACAFTOR/IVACAFTOR)**
For people with 2 copies of F508del or at least one of 26 specified mutations

## Expanded Label

**(IVACAFTOR)**
for additional 5% of population

## Phase 3 Trial Candidates Selected

**TRIPLE COMBINATION THERAPIES**

2017 was a year of unprecedented momentum in the development of new therapies to treat CF: The FDA approved the expansion of Kalydeco® (ivacaftor) for an additional five percent of people with the disease, and clinical trials suggested that next-generation combination therapies will be more effective and help more people than ever before.

Thanks to these and other scientific advances, the future is looking bright: We are poised to drastically expand the number of people with CF who have access to treatments that address the underlying cause of the disease in the next few years and hope around 90 percent will have a modulator by 2020.

This is thrilling progress, but it's only part of the story. Around 5 to 10 percent of individuals with CF have mutations that will never respond solely to modulator therapy, and they are counting on us to come up with another way to address the underlying cause of their disease. And many people with CF — even those who are on modulators — need better treatments today to address complications and help them live with advanced disease.

We are working diligently to respond to those needs and speed progress toward the day when all people with this disease can say, "I used to have CF." In 2017, we provided $169 million to advance research and high-quality CF care.

### HIGHLIGHTS FROM 2017:

- Funded more than **200 research awards** to address complications ranging from infections to inflammation to digestive issues.
- Undertook more clinical trials than ever before, with a record **68 trials in progress** over the course of the year.
- Aggressively pursued cutting-edge technologies, like RNA therapy and readthrough compounds, as part of our multiyear **Nonsense and Rare Mutations Research and Therapeutics Initiative,** to which the Foundation has already committed $72 million.
- Worked toward a cure for all people with CF through **33 awards** in novel areas like gene editing and gene therapy, with **$7.3 million** committed in 2017 alone.

**Callie Dolan, an adult with CF, gained access to a CFTR modulator in May 2017 thanks to theratyping, the process of matching medicines (*therapies*) with mutations (*types*) in the lab.**

We have a bold vision of a day when people can say, *I used to have CF.*

## Expanding the Reach of Modulators

**JULY 2017**
Positive early study results released for triple combination therapies

**FEBRUARY 2018**
FDA approved tezacaftor/ivacaftor (Symdeko™)

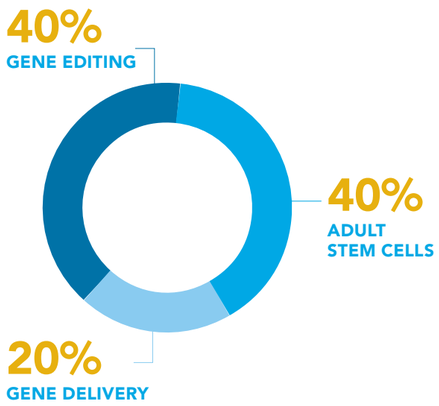
**MAY 2017**
FDA expanded approval of ivacaftor (Kalydeco®) for 23 additional mutations on the basis of laboratory data (theratyping) and clinical data

**AUGUST 2017**
FDA expanded approval of ivacaftor for five splice mutations

**MARCH 2018**
Phase 3 studies for triple combination therapies began enrollment

## Investing in a Cure

The CF Foundation is working to find a cure for all people with CF — regardless of their mutations. Here's a breakdown of our $7.3 million spending in 2017.




## Research to Address Complications

We are aggressively funding critical research to treat complications of CF.

**38** MUCUS CLEARANCE AWARDS

**18** NUTRITION AND OTHER AWARDS

**123** ANTI-INFECTIVE AWARDS

**19** LUNG TRANSPLANT AWARDS

**39** ANTI-INFLAMMATORY AWARDS

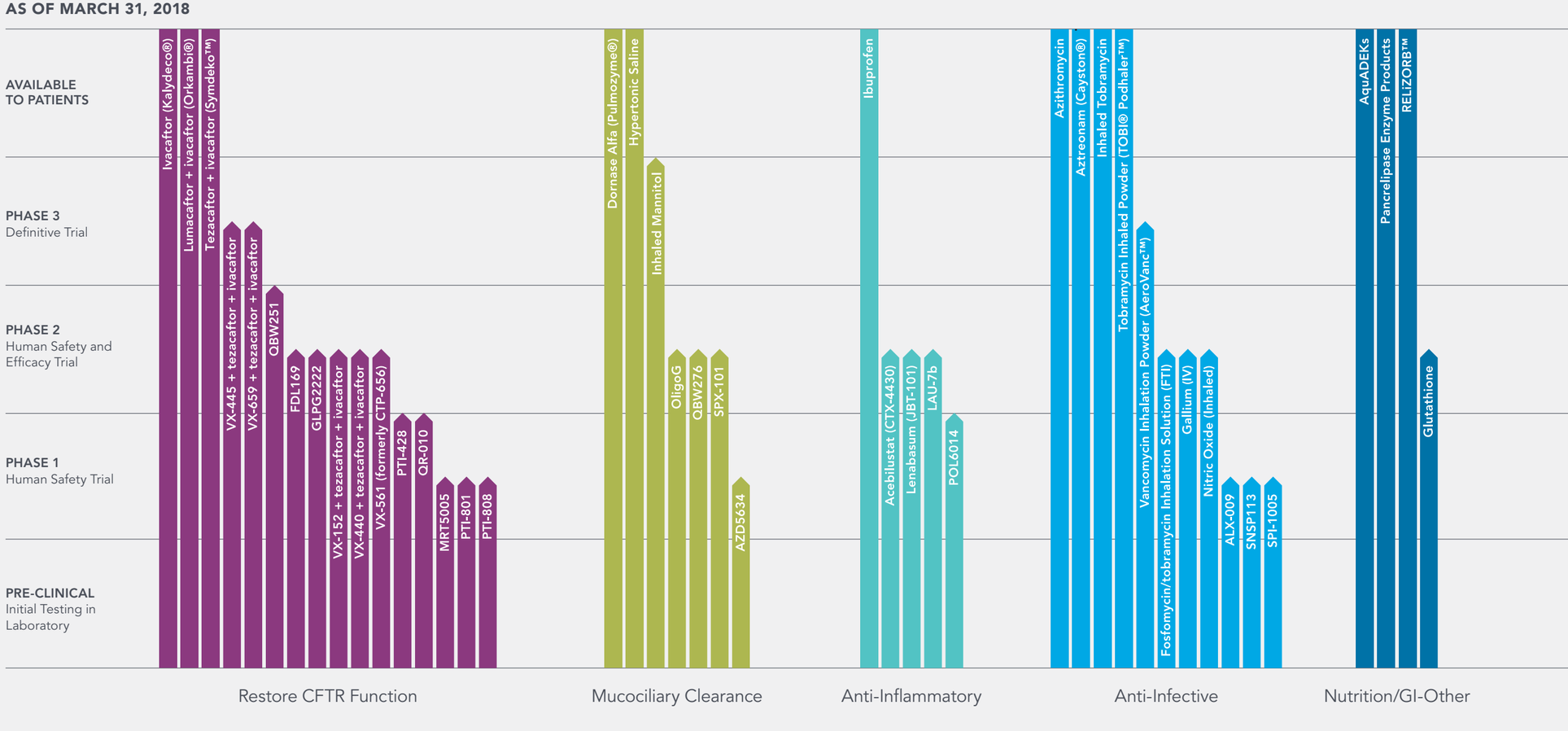
"How does it feel to watch these drugs being approved, knowing there isn't one for Hailey yet? Honestly, it gives me hope. We may not have one tomorrow, and we may not have one in Hailey's generation, but it gives me hope for the future." **Leeann Huyser**

Leeann's daughter, Hailey, is 13 years old and living with CF. Hailey has a rare mutation and is still waiting for a disease-modifying treatment that can address her form of the disease.

## Partnering With Patients and Families to Advance New Therapies

Incredible breakthroughs in the treatment of CF have been achieved through clinical trials. Drugs and treatments that have added tomorrows — and make living with CF today better for thousands — are now available thanks to this research and the individuals who volunteered to participate. Across the country and around the world, people with CF are joining clinical trials that are instrumental in helping today's research become tomorrow's treatments.

As of March 31, 2018, the CF pipeline had more than 25 drug candidates in development — from therapies that better address serious complications to novel approaches that address the underlying cause of CF.



## Improving Lives by Improving Care

**cff.org/Care**

"With CF, you can't take for granted being able to experience everything you hope to. My care team worked closely with me to make sure my health was strong enough when I was ready to have a baby. They helped me coordinate my care and manage my CF so that my biggest challenge was the same as many new moms: adjusting to life with lack of sleep." **Emily May**

**$5.8 MILLION**

investment in mental health to help people with CF manage depression and anxiety related to their disease

**$15 MILLION**

multiyear commitment to our Lung Transplant Initiative to enhance lung transplant clinical care, address complications, and help advance new therapies

**ADVANCED LUNG DISEASE**

is being tackled from many angles, including clinical guidelines, innovative technologies, and best practices in transplantation and palliative care

The premise is simple: By continuing to improve the quality of care that people with CF receive, we will help them experience better todays and add tomorrows. We work with the CF community — from people with CF and families, to clinicians and researchers — to collect data, look carefully at what works, and communicate what we learn back to people with CF and their clinical care teams.

What have we learned?

We know that people with CF do best when care is comprehensive, coordinated, and done in partnership with their care teams. The CF Foundation **funds and accredits more than 120 care centers around the country** to ensure people with CF can receive high-quality, specialized care.

Excitingly, outcomes for people with CF continue to improve because of this approach. In 2017, we saw steady progress in key measures that are correlated with survival, such as improved lung function and nutritional status, and decreased presence of harmful lung bacteria.

Based on feedback from people with CF about their needs, we have expanded this data-driven, evidence-based approach into other areas of clinical care — including mental health and advanced lung disease.

Finally, we continued to cultivate the next generation of CF specialists. Our PACE, DIGEST, and ENVISION programs recruited adult care physicians, gastroenterologists, and endocrinologists. Our mentoring program, which connects experienced CF clinicians with those who are earlier in their careers, also grew.

**Working closely with members of her care team, including Lauren Nnadi, Emily May had a healthy pregnancy and welcomed her son, Levi, last summer.**

Jeremy and Rachel Olimb first became advocates for the CF community because their sons have the disease.

## Championing the Needs of People With CF

cff.org/Advocate

"Cystic fibrosis is indiscriminate. It strikes people across the socioeconomic spectrum. I don't think there are easy answers, but I do know this: People with CF need access to high-quality care, and we need to be a voice for the voiceless on this issue." **Jeremy Olimb**

**17,000**

**MEMBERS OF THE CF COMMUNITY**
sent emails or tweets to their members of Congress

**12,000+**

**CALLS TO *COMPASS***

**5,000+**

**ISSUES ADDRESSED BY *COMPASS* CASE MANAGERS**

In 2017, our community faced a serious threat in the form of proposed legislation that endangered its access to adequate, affordable health insurance — which is essential to receiving high-quality, specialized care. We approached this challenge with one goal: Make sure that lawmakers understood the needs of people with CF and how their decisions would impact our community.

Most importantly, we worked to make sure people with CF had the opportunity to make their own voices heard.

Our community's response was overwhelming. People with CF and their loved ones told their stories to members of Congress in more than **70,000 messages and 800 face-to-face meetings,** sending a clear signal about the importance of access to high-quality, specialized care.

Members of the community also connected with their representatives back at home. We held seven state advocacy days during which advocates shared their personal CF stories, highlighted the needs of people with CF, and asked legislators to protect key state legislation. Community members also advocated in 27 states for preserving access to Medicaid.

We also offered more hands-on assistance to help families tackle the challenges CF throws their way. *Compass* is a free, personalized service to help people with CF and their families with insurance, financial, legal, and other issues they may face — from the routine to the unexpected. *Compass* case managers went above and beyond to help members of the CF community who were affected by natural disasters continue their treatments by finding them shelter and coordinating emergency refills of their medications.

# Facilitating Connections Across the CF Community

cff.org/Community

"I continue to be involved with CF community programs because of the impact they have had not only on me, but on others with CF and those that are close to us. While I hope I've made a difference in the lives of others, I know for certain that being involved in these programs has changed my life and made me a happier, stronger person." **Chad Riedy**

Elaine Phelan, Mark Bettinger, and David Turnow (left) connect through the CF Peer Connect program, which allows people living with CF to talk with and learn from someone who has shared similar experiences.

## THE POWER OF CONNECTION

Each day, people with CF are living their lives — going to school and work, nurturing their relationships with loved ones, managing treatments — and many are also looking for ways to actively support themselves and one another through the challenges of living with a severe, chronic disease. This year, hundreds of people with CF and their loved ones came together and found meaningful, sometimes life-changing, connection through Foundation-sponsored events.


**Chad Riedy is a member of the CF Adult Advisory Council, Community Voice, and CF Peer Connect. He has volunteered for several CF virtual events, including co-chairing BreatheCon 2017.**

**810** ADULTS WITH CF & FAMILY MEMBERS INVOLVED IN COMMUNITY VOICE

**Community Voice** provides opportunities for people with CF and their family members to have an active say in programs and initiatives affecting the CF community.

**167** PEER MENTORING MATCHES MADE

**CF Peer Connect** is a topic-based peer mentoring program for people with CF ages 16 and older, enabling a one-to-one virtual connection with someone who has gone through similar experiences.

**550** PEOPLE WITH CF ATTENDED VIRTUAL EVENTS

**Virtual Events** designed by and for adults with CF, including *BreatheCon, CF MiniCon: Transplant, and CF MiniCon: Young Adult Transitions,* provide an opportunity for the CF community to connect, share, and learn from peers through open and honest dialogue.

NEARLY **$100,000** IN IMPACT GRANTS AWARDED

**Impact Grants** provide up to $10,000 per year to individuals or organizations that are benefitting the CF community in new and important ways, from initiatives that focus on exercise or singing, to a program supporting spouses of those with CF.

**100+** COMMUNITY MEMBERS FEATURED ON OUR BLOG

**CF Community Blog** features community members sharing their stories. No subject is off limits — they write candidly about issues ranging from coordinating treatment across care teams to teenage rebellion, and from lung transplantation to feeding tubes and body acceptance.

**8** INSTAGRAM TAKEOVERS FEATURING PEOPLE LIVING WITH CF

**Social Media** provides a platform for community members to connect with the Foundation and each other. Through Instagram takeovers, people share what life with CF looks like for them, and Facebook Live enables community members to participate in conversations, ask questions, and hear about the latest innovations with leaders in the fields of research, care, and clinical trials.

## Supporting the Fight Against CF

cff.org/Give

"If Arjun had been born in the 1950s, we wouldn't have been able to imagine the kind of future for him that we can now. We hope he lives a long, healthy life — but his mutations are rare, and like many with CF, he won't benefit from current modulators. That's why we're doing everything we can to support the development of new treatments that can help people with rare mutations — and one day, provide a cure." **Arathi Cole**

**CF CHAMPIONS BY THE NUMBERS**

**8,500+**
**NEW VOLUNTEERS**

**350+**
**LEGACY SOCIETY MEMBERS**

**300+**
**DONORS CONTRIBUTING MONTHLY TO THE ANNUAL FUND**

Since the Foundation's earliest days, the fierce determination of supporters and volunteers has fueled tremendous progress for people like Arjun. These teamMATEs have attended dinner dances, walked in Great Strides, golfed, fished, and held countless passion fundraising events — all to make an impact in the lives of those living with CF.

This past year, these dedicated individuals held more than **1,000 events** from coast to coast and helped raise **more than $84 million** in the fight against CF.

We are especially thrilled that there was increased participation in our endurance events, particularly among younger generations, as thousands of people raced up the stairs of tall buildings or stadiums, hiked along scenic trails, and cycled through towns across America to help advance a cure for CF.

In addition, we held the 14th annual Volunteer Leadership Conference (VLC) in Dallas, Texas, the largest VLC ever — with more than 600 attendees in person and hundreds more tuning in remotely via livestream. The conference, themed "teamMATEs for a Cure," was co-chaired by Ginger Birnbaum and Mike Beatty and was the first VLC to be held outside of the Washington, D.C., area.

Together, these supporters and volunteers of all ages are helping to carry forth the powerful momentum first generated in 1955 by parents determined to save their children's lives. It is this hope in action that will help us realize our dream of a cure.



**Arathi and Charlie Cole are inspired by their son Arjun's resilience — and their hopes for his future.**

**400+**

**GREAT STRIDES WALKS**

**50+**

**FINEST EVENTS**

**150**

**THEMED DINNER DANCES**

**80**

**ENDURANCE EVENTS**

40 Cycle, 21 Climb, 19 Hike


Participants are excited to arrive in Beaver Creek, Colo., for the annual American Airlines Celebrity Ski fundraiser.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8.

1. Cyclists enjoy the ride during the Woodinville, Wash., Cycle for Life event. 2. The 2017 Volunteer Leadership Conference co-chairs, Michael Beatty and Ginger Birnbaum, take the stage. 3. Kieran Donahue Marinucci (left); Allison Grammer; Joshua Bryant, who has CF; and Olivia Bryant at the Metro D.C. Chapter's Celebrate Every Breath Gala. 4. Walkers gearing up for the Rome, Ga., Great Strides walk. 5. Bill Skach, M.D., (left) with Joe O'Donnell and Preston W. Campbell, III, M.D., at the CFFT Lab tour. 6. Shawnna Johnson, Liz Robards, Anna Villani, and Michelle Ashton enjoy a round of golf at the 2017 Ultimate Golf Experience. 7. Marc Ginsky and Colleen Weiss at the CFFT Lab tour. 8. Hikers gather in Vail, Colo., for the CF Foundation's Xtreme Hike event.

## TOMORROW'S LEADERS

To further engage the next generation of philanthropists, the Foundation launched its Tomorrow's Leaders program. This young professionals program is designed to offer committed young adults skills and networking opportunities while they make a difference in the lives of those with cystic fibrosis.

## PARTNERS IN PROGRESS ANNUAL FUND CAMPAIGN

Thanks to donors across the country, the Annual Fund raised more than $3.4 million. We are especially grateful to the many organizations and businesses that offered a matching gift opportunity, which significantly increased this year's revenues.

## LEGACY GIVING

We were honored that 133 donors enrolled in the Paul di Sant'Agnese Legacy Society, which recognizes donors who make a lasting commitment to the CF Foundation through their estate plans — more than tripling the number of individuals who have made a significant difference in this way. The society pays tribute to Paul di Sant'Agnese, M.D., who revolutionized CF diagnosis by developing the sweat test.

## THE DORIS F. TULCIN MAJOR GIVING SOCIETY

The Doris F. Tulcin Major Giving Society continued to grow, with more than 2,500 members. The society honors Doris F. Tulcin — a founding parent of the CF Foundation and a pillar of the CF community — by recognizing members who have helped advance the Foundation's mission through their generosity of a total commitment of $100,000 or more.

## CORPORATE ENGAGEMENT

Whether through employee engagement, matching gifts, or sponsorship of a special event, corporate America was an important part of our success — contributing almost $20 million.

American Airlines alone raised more than $1 million to advance our mission through its annual Celebrity Ski event and continued to sponsor special events through donations of American Airlines AAdvantage Miles.

American is a longtime champion of people with CF and has been working to raise awareness and funds to fight this disease for more than 30 years. We are grateful for their steadfast support, and to the current and former American employees who worked hundreds of hours to make this event a success.

We especially salute the following companies, which in 2017 were recognized for their exceptional contributions.

- **Top National Corporate Team: CISCO Systems, Inc.**
- **Rising Star National Corporate Team: BEST BUY**
- **Spirit of American Award: Kroger**

## CORPORATE LEADERSHIP COUNCIL MEMBERS

The Cystic Fibrosis Foundation recognizes and thanks all corporate leaders for their generosity and support in the fight against CF. Members of the Corporate Leadership Council (right), provided direct corporate support of $250,000 or more. These corporate leaders have made outstanding commitments to help support the search for a cure and improve the lives of people with CF.

abbvie
Genentech
A Member of the Roche Group
American Airlines
GILEAD
ARRIS
NOVARTIS
Bank of America Merrill Lynch
SNELLINGS WALTERS INSURANCE AGENCY
BB&T
VERTEX
BJ's RESTAURANT BREWHOUSE
Walgreens
CHOATE CONSTRUCTION
WELLS FARGO

# Cystic Fibrosis Foundation
# Condensed Financial Information*

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2017 AND 2016

| | 2017 | 2016 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 138,231,954 | $ 101,987,992 |
| Investments | 4,239,695,576 | 3,795,790,436 |
| Receivables, net | 12,137,402 | 15,658,290 |
| Other assets | 5,403,261 | 11,401,161 |
| Fixed assets, net | 11,959,914 | 7,069,182 |
| **Total Assets** | **$4,407,428,107** | **$ 3,931,907,061** |
| **LIABILITIES AND NET ASSETS** | | |
| Accounts payable and other liabilities | $ 36,422,049 | $ 27,044,203 |
| Awards payable | 176,819,993 | 172,707,680 |
| **Total liabilities** | **213,242,042** | **199,751,883** |
| **UNRESTRICTED NET ASSETS** | | |
| Undesignated net assets | 881,431,067 | 420,457,947 |
| Board-designated net assets | 3,300,000,000 | 3,300,000,000 |
| **Total unrestricted net assets** | **4,181,431,067** | **3,720,457,947** |
| Temporarily restricted net assets | 8,657,764 | 7,954,458 |
| Permanently restricted net assets | 4,097,234 | 3,742,773 |
| **Total net assets** | **4,194,186,065** | **3,732,155,178** |
| **TOTAL LIABILITIES AND NET ASSETS** | **$4,407,428,107** | **$ 3,931,907,061** |

### Organization
The accompanying consolidated financial statements include the operations of the Cystic Fibrosis Foundation, including all of its field offices (the "Foundation") and Cystic Fibrosis Foundation Therapeutics, Inc. ("CFFT"). The Board of Trustees authorized management of the Foundation to transfer the activities of CFFT to the Foundation in 2018.

### Cash and cash equivalents
Cash and cash equivalents represent demand deposits, money market funds and money market mutual funds. Cash equivalents consist of highly liquid investments with original maturities of three months or less and present an insignificant risk of change in value. The Foundation had outstanding commitments to purchase $35,000,000 of investments as of December 31, 2017. The cash associated with these commitments is classified as cash and cash equivalents as of December 31, 2017, and the purchases were completed in January 2018.

### Investments
Investments as of December 31, 2017 included primarily corporate bond mutual funds, short duration bond mutual funds, equity mutual funds, global equity securities, fixed income and public equity commingled funds, hedge funds and private equity funds. Authoritative guidance on fair value measurements requires an entity to maximize the use of observable inputs when measuring fair value. The guidance describes three levels of inputs that may be used to measure fair value: Level 1 – Quoted prices in active markets for identical assets or liabilities. Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets. Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. The Foundation carries its cash and cash equivalents, all investment balances and certain other assets at fair value. Financial instruments measured at fair value on a recurring basis were $2,622,920,750 in Level 1 assets, $106,967,523 in Level 2 assets and $5,084,571 in Level 3 assets. Investments totalling $1,611,420,265, which are measured at fair value using net asset value as a practical expedient, have not been categorized in the fair value hierarchy.

### Awards payable and commitments
The Foundation and Cystic Fibrosis Foundation Therapeutics, Inc. (CFFT) generally award medical/scientific grants and contracts for periods of three years or less. Grants are awarded contingent upon the renewal criteria at the beginning of each award period. As of December 31, 2017, the Foundation and CFFT have medical scientific grant commitments of approximately $59,292,000, which extend through December 31, 2022. These subsequent year awards are contingent upon renewal criteria, and therefore the costs and liabilities are not reflected in the consolidated financial statements. Certain agreements provide for future contracted drug discovery and development research payments amounting to approximately $149,262,000. These costs will be expensed when the services are provided.

### Unrestricted — Board-designated net assets
The Foundation's Board of Trustees has designated $3,300,000,000 of the Foundation's net assets as of December 31, 2017 to be spent in support the mission of the Foundation over the long term.

**The independently audited financial statements of the Cystic Fibrosis Foundation are available online at the Foundation's website, cff.org, or by contacting Cystic Fibrosis Foundation, 4550 Montgomery Ave, Suite 1100N, Bethesda, MD 20814.*



## CONSOLIDATED STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

| | 2017 | 2016 |
|---|---|---|
| **REVENUE** | | |
| SUPPORT RECEIVED FROM THE PUBLIC | | |
| Special event revenue | $ 98,751,719 | $ 100,103,099 |
| Direct benefit expenses | (14,630,047) | (13,839,765) |
| **Net special event revenue** | **84,121,672** | **86,263,334** |
| General contributions | 26,602,759 | 30,980,848 |
| **Total support received from the public** | **110,724,431** | **117,244,182** |
| Royalty and other revenue | 24,957,306 | 64,672,016 |
| **Total revenue** | **135,681,737** | **181,916,198** |
| **EXPENSES** | | |
| PROGRAM SERVICES | | |
| Medical programs | 213,999,714 | 277,291,061 |
| Public and professional information and education | 16,900,416 | 14,539,590 |
| Community services | 17,822,831 | 15,317,469 |
| **Total program services** | **248,722,961** | **307,148,120** |
| SUPPORTING SERVICES | | |
| Management and general | 15,968,460 | 13,912,941 |
| Fundraising | 24,702,883 | 22,784,588 |
| **Total supporting services** | **40,671,343** | **36,697,529** |
| **Total expenses** | **289,394,304** | **343,845,649** |
| **Provision for lease commitment** | **(4,358,356)** | **—** |
| **Decrease in net assets from operations** | **(158,070,923)** | **(161,929,451)** |
| **OTHER CHANGES IN NET ASSETS** | | |
| Net nonoperating investment income | 606,956,685 | 214,660,101 |
| Proceeds from sale of remainder of member interest in specialty pharmacy | 13,145,125 | — |
| **INCREASE IN NET ASSETS** | **$ 462,030,887** | **$ 52,730,650** |

### Measure of operations
The Foundation includes in its measure of operations all support received from the public, income on investments designated for operations, royalty revenue, other revenue and all costs of program and supporting services. The measure of operations excludes gains or losses on discontinued operations and nonoperating investments. Nonoperating investments are amounts identified for investment over the intermediate to long term.

### Revenue recognition
Support received directly or indirectly from the public is recorded as revenue when received or when the donor has made an unconditional promise to give. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash, including gifts-in-kind, are recorded at their estimated fair value at the date of the gift. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. All donor-restricted support, including related investment income and realized and unrealized gains and losses, is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 consolidated statement of activities as net assets released from restrictions.

The Foundation and CFFT retain legal and beneficial rights to intellectual property developed under certain scientific grants and drug discovery agreements. Revenues received under these agreements are recorded when earned. In addition, at times CFFT may sell its intangible rights under certain agreements in exchange for a lump sum. Amounts received under these agreements are recorded when rights are forfeited and proceeds are receivable. In November 2014, CFFT entered into an agreement to sell its intangible rights to future revenues under a drug discovery agreement. In October 2016, CFFT entered into an amendment to the 2014 agreement and recognized an additional $51,400,000 in royalty revenue related to the sale.

### Lease commitments
In June 2017, the Foundation entered into a lease agreement for new office space in Maryland. The Foundation secured a favorable long-term rental rate for this space, which better meets the present and future needs of the Foundation. In 2017, the Foundation recognized a one-time charge of approximately $4,358,356 to recognize the net future liability and exit costs (including costs to prepare the space for rental), associated with former office space. The liability is calculated as the net present value of future cash outlays under the existing lease and the net present expected receipts from sublease arrangements. The Foundation remains obligated to pay rental costs and abide by terms of the original lease, which expires in April 2023. The Foundation has entered into sublease agreements for substantially all of the original office space.

The Foundation is obligated under various operating leases for office space as of December 31, 2017. The approximate future minimum rental commitments, subject to escalation, are $42,950,000. The Foundation has entered into lease agreements with tenants to occupy its former headquarters space. As of December 31, 2017, the approximate future minimum sublease rental payments due from sublease tenants are $4,566,000.

# Board of Trustees and Corporate Officers

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"He doesn't know anything different. But I hope someday he does. I hope one day he can say, 'You know, I used to have to sit tethered to a chair for an hour every day and have it shake me like a can of paint.' As the mother of a person who has CF, I can't stop – until it's done." **Patty Mei, mother to Brandon, 15**


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