
CUTANEOUS LYMPHOMA FOUNDATION
(a not-for-profit Michigan corporation)

FINANCIAL STATEMENTS
JUNE 30, 2010

■ **CUTANEOUS LYMPHOMA FOUNDATION**
(a not-for-profit Michigan corporation)

Financial Statements

June 30, 2010

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INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT

To the Board of Directors
Cutaneous Lymphoma Foundation
Birmingham, Michigan

We have audited the accompanying statements of financial position of Cutaneous Lymphoma Foundation (a not-for-profit Michigan corporation) as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cutaneous Lymphoma Foundation as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Button Eddy Kolb & Sorrentino, P.L.L.C.

Farmington, Michigan
September 27, 2010

CUTANEOUS LYMPHOMA FOUNDATION
(a not-for-profit Michigan corporation)

STATEMENTS OF FINANCIAL POSITION
JUNE 30

ASSETS	2010	2009
Cash.....	\$ 268,174	\$ 210,853
Short-term investments	842,731	472,541
Long-term investments.....	—	—
Unconditional promises to give.....	74,500	—
Inventory	2,266	3,248
Accrued interest earned.....	—	1,554
TOTAL ASSETS	\$ 1,187,671	\$ 688,196
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 4,211	\$ 12,454
Accrued expenses and other liabilities	—	—
Total liabilities	4,211	12,454
 Net Assets		
Unrestricted	591,647	496,971
Temporarily restricted	591,813	178,771
Permanently restricted.....	—	—
Total net assets	1,183,460	675,742
TOTAL LIABILITIES AND NET ASSETS	\$ 1,187,671	\$ 688,196

See accompanying notes to financial statements.

CUTANEOUS LYMPHOMA FOUNDATION
(a not-for-profit Michigan corporation)

STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30

	<u>2010</u>	<u>2009</u>
CHANGES IN UNRESTRICTED NET ASSETS		
Revenue:		
Contributions and Grants – Individuals	\$ 103,821	\$ 94,699
Contributions and Grants – Corporate	120,490	200,496
Other income – net.....	214	579
Investment income.....	<u>4,444</u>	<u>6,376</u>
Total unrestricted revenue	228,969	302,150
Net assets released from restrictions:		
Satisfaction of program restrictions.....	<u>401,687</u>	<u>22,229</u>
Total unrestricted revenue, gains and other support	630,656	324,379
Expenses:		
Program	493,465	311,924
Administrative	31,852	45,139
Fundraising.....	<u>10,663</u>	<u>11,659</u>
Total unrestricted expenses	<u>535,980</u>	<u>368,722</u>
Increase (decrease) in unrestricted net assets	94,676	(44,343)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions.....	814,729	200,000
Allowance for uncollectible promises.....	—	—
Net assets released from restrictions.....	<u>(401,687)</u>	<u>(22,229)</u>
Increase in temporarily restricted net assets	413,042	177,771
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS		
Contributions.....	<u>—</u>	<u>—</u>
Increase in permanently restricted net assets	<u>—</u>	<u>—</u>
INCREASE IN NET ASSETS	507,718	133,428
Net Assets – Beginning of year	<u>675,742</u>	<u>542,314</u>
Net Assets – End of year	<u>\$ 1,183,460</u>	<u>\$ 675,742</u>

See accompanying notes to financial statements.

CUTANEOUS LYMPHOMA FOUNDATION
(a not-for-profit Michigan corporation)

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 507,718	\$ 133,428
Adjustments to reconcile change in net assets to net cash provided by or used in operating activities:		
Net realized (gain) loss on investments	282	—
Net unrealized (gain) loss on investments	—	—
Changes in:		
Unconditional promises to give..... (74,500)	—
Inventory	982	983
Accrued interest earned.....	1,554	(54)
Accounts payable	—	11,137
Accrued expenses and other liabilities	—	—
Net cash provided by operating activities	436,036	145,494
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments.....	87,900	87,900
Purchase of investments..... (466,615)	(169,223)
Net cash used in investing activities	(378,715)	(81,323)
NET INCREASE IN CASH	57,321	64,171
Cash – Beginning of year	<u>210,853</u>	<u>146,682</u>
Cash – End of year	<u>\$ 268,174</u>	<u>\$ 210,853</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Fair value of donated investment assets	<u>\$ 1,022</u>	<u>\$ —</u>

See accompanying notes to financial statements.

CUTANEOUS LYMPHOMA FOUNDATION
(a not-for-profit Michigan corporation)

NOTES TO FINANCIAL STATEMENTS

The Cutaneous Lymphoma Foundation, (hereinafter called the Foundation), was established and became operational in 1998. The Foundation is an independent, not-for-profit patient advocacy organization dedicated to supporting patients with cutaneous lymphomas by promoting awareness and education, advancing patient care, and facilitating research. The Foundation is exempt from Federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

There were no permanently restricted net assets as of June 30, 2010 or 2009.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Recognition of Donor Restricted Contributions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets.

■ **CUTANEOUS LYMPHOMA FOUNDATION**
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NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

The following methods and assumptions were used by the Foundation in estimating its fair value disclosures for financial instruments:

Cash, short-term investments and short-term unconditional promises to give: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Unconditional promises to give due in more than one year: The fair value of promises to give that are due in more than one year is estimated by discounting the future cash flows using a current risk free rate of return based on U.S. Treasury yields with maturity dates similar to the expected collection period.

Long-term investments: The carrying value of investments are based on quoted market prices for those of similar investments.

The Foundation did not hold financial instruments for trading purposes at any time during the years ended June 30, 2010 and 2009.

The Foundation's net assets include investments which at times may be holders of some of the following instruments: asset backed securities, collateralized mortgage obligations and commercial mortgage backed securities, including securities backed by subprime mortgage loans. The value, liquidity and related income of these securities are sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Expenses are charged to programs and supporting services based on costs incurred. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Administrative (Management and General)

Includes the functions necessary to maintain an equitable program; ensure an adequate working environment; provide coordination and articulation of the Foundation's program strategy; secure proper administrative functioning of the Board of Directors; maintain competent professional services for program administration; and manage the financial and budgetary responsibilities of the Foundation.

Inventory

Inventory is stated at cost and consists primarily of bike jerseys.

CUTANEOUS LYMPHOMA FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

The Foundation has evaluated events and transactions for potential recognition or disclosure through September 27, 2010, which is the same date the financial statements were available to be issued.

NOTE B – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Receivable in less than one year	\$ 74,500	\$ —
Receivable in one to five years	—	—
Receivable after five years	—	—
Total unconditional promises to give	74,500	—
Less discounts to net present value	—	—
Less allowance for uncollectible promises	—	—
Net unconditional promises to give	<u>\$ 74,500</u>	<u>\$ —</u>

NOTE C – INVESTMENTS

Investments are held with a bank and consist of the following at June 30, 2010:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Money market funds	\$ 842,731	\$ 842,731	\$ 842,731
Certificates of deposit	—	—	—
	<u>\$ 842,731</u>	<u>\$ 842,731</u>	<u>\$ 842,731</u>

Investments are held with a bank and consist of the following at June 30, 2009:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Money market funds	\$ 384,641	\$ 384,641	\$ 384,641
Certificates of deposit	87,900	87,900	87,900
	<u>\$ 472,541</u>	<u>\$ 472,541</u>	<u>\$ 472,541</u>

The cost basis of investments is recorded at their original purchase price. Donated investments are recorded at their then “transferred in” value, when applicable.

CUTANEOUS LYMPHOMA FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

NOTE C – INVESTMENTS (Continued)

Investment return for the years ended June 30, 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ 4,726	\$ 6,376
Net realized gain (loss)	(282)	—
Net unrealized gain (loss)	—	—
Total investment return	<u>\$ 4,444</u>	<u>\$ 6,376</u>

NOTE D – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2010</u>	<u>2009</u>
Research	\$ 438,216	\$ 125,000
Cutaneous Lymphoma Summit	46,097	53,771
Education, webinar, newsletter and other	<u>107,500</u>	<u>—</u>
Total temporarily restricted net assets	<u>\$ 591,813</u>	<u>\$ 178,771</u>

NOTE E – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2010</u>	<u>2009</u>
Research related expenses	\$ 12,535	\$ —
Expenses related to Cutaneous Lymphoma Summit	313,674	22,229
Education, workshops and other	<u>75,478</u>	<u>—</u>
	<u>\$ 401,687</u>	<u>\$ 22,229</u>

NOTE F – DONATED SERVICES AND FACILITIES

Various administrative functions are performed by certain directors and other individuals for which no compensation is paid by the Foundation. In addition, a director provides office space to the Foundation at no charge.

NOTE G – CONTINGENCY

Cutaneous Lymphoma Foundation contracts with a professional employer organization (PEO) to provide its human resource payroll and benefit administration. On a semi-monthly basis, the Foundation remits payments to the PEO for payroll, taxes, insurance and other costs. Payments to the PEO during 2010 approximated \$188,000 of which approximately \$45,000 were for payroll taxes. In the event the PEO fails to remit payroll taxes to the required taxing authority(s) the Foundation may be liable for any unpaid portion.

**ADDITIONAL
INFORMATION**

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INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT ON ADDITIONAL INFORMATION

To the Board of Directors
Cutaneous Lymphoma Foundation
Birmingham, Michigan

Our report on our audits of the basic financial statements of Cutaneous Lymphoma Foundation is presented in the preceding section. These audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying additional information, identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Button Eddy Kolb & Sorrentino, P.L.L.C.

Farmington, Michigan
September 27, 2010

■ **CUTANEOUS LYMPHOMA FOUNDATION**
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SCHEDULES OF PROGRAM SERVICES
YEARS ENDED JUNE 30

	<u>2010</u>	<u>2009</u>
Grants	\$ 14,300	\$ 1,700
Officer compensation	15,549	40,480
Other compensation.....	92,935	71,617
Payroll taxes and benefits.....	19,755	21,851
Professional fees.....	328	1,135
Telephone	4,424	4,698
Postage and shipping	6,245	7,048
Printing and mailing	14,398	11,892
Conferences, educational forums and travel.....	320,393	141,809
Temporary help	—	6,500
Computer services	3,367	2,424
Miscellaneous.....	<u>1,771</u>	<u>770</u>
Total	<u>\$ 493,465</u>	<u>\$ 311,924</u>

■ **CUTANEOUS LYMPHOMA FOUNDATION**
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SCHEDULES OF ADMINISTRATIVE EXPENSES
YEARS ENDED JUNE 30

	<u>2010</u>	<u>2009</u>
Officer compensation.....	\$ 1,944	3,193
Other compensation	5,802	8,226
Payroll taxes and benefits	1,410	2,226
Payroll processing fees.....	2,406	2,974
Professional fees	7,524	9,435
Supplies and office expense.....	1,236	2,957
Telephone.....	219	282
Postage and shipping.....	112	80
Printing.....	109	42
Conferences, meetings and travel	8,267	13,557
Temporary help.....	—	—
Staff development	1,115	509
Insurance	928	979
Miscellaneous	<u>780</u>	<u>679</u>
Total	<u>\$ 31,852</u>	<u>\$ 45,139</u>

■ **CUTANEOUS LYMPHOMA FOUNDATION**
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SCHEDULES OF FUNDRAISING EXPENSES
YEARS ENDED JUNE 30

	<u>2010</u>	<u>2009</u>
Officer compensation.....	\$ 1,944	\$ 2,760
Other compensation	1,116	898
Payroll taxes and benefits	557	713
Supplies and office expense	—	—
Telephone.....	—	—
Postage and shipping.....	2,245	2,747
Printing.....	1,360	1,788
Travel	—	—
Temporary help.....	—	—
Computer services.....	—	294
Solicitation licenses and fees	3,441	2,459
Miscellaneous	—	—
 Total	 <u>\$ 10,663</u>	 <u>\$ 11,659</u>