

Cutaneous Lymphoma Foundation

Audited Financial Statements

June 30, 2012

CROSKEY LANNI, PC
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors of
Cutaneous Lymphoma Foundation**

We have audited the accompanying statement of financial position of Cutaneous Lymphoma Foundation, (a Michigan nonprofit corporation), as of June 30, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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, 2012, and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule and chart of functional expenses on pages 10 and 11, respectively, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Croskey Lanni, PC

October 11, 2012
Rochester, Michigan

CUTANEOUS LYMPHOMA FOUNDATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2012

See Independent Auditors' Report

ASSETS

Assets

Cash and cash equivalents	\$	1,121,695
Promises to give		25,000
Prepaid rent		1,019
Inventory		4,307
Security deposit		1,333
Furniture		3,221
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Total assets	\$	<u>1,156,575</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$	24,226
Accrued expenses		6,871
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Total liabilities		<u>31,097</u>

Net Assets

Unrestricted		509,354
Temporarily restricted		616,124
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Total net assets		<u>1,125,478</u>
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Total liabilities and net assets	\$	<u>1,156,575</u>

See accompanying notes to financial statements



CUTANEOUS LYMPHOMA FOUNDATION

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012
See Independent Auditors' Report

	Unrestricted	Temporarily Restricted	Total
Support and Revenue:			
Contributions and grants	\$ 191,432	\$ 245,100	\$ 436,532
Merchandise sales, net of cost of goods sold of \$144	6	-	6
Investment income	3,822	-	3,822
	195,260	245,100	440,360
Total support and revenue			
	195,260	245,100	440,360
Net Assets Released from Temporary Restrictions	250,500	(250,500)	-
	445,760	(5,400)	440,360
Functional Expenses:			
Program	458,836	-	458,836
Management and general	88,254	-	88,254
Fundraising	50,065	-	50,065
	597,155	-	597,155
Total functional expenses			
	597,155	-	597,155
Change in Net Assets	(151,395)	(5,400)	(156,795)
Net Assets - Beginning	660,749	621,524	1,282,273
Net Assets - Ending	\$ 509,354	\$ 616,124	\$ 1,125,478

See accompanying notes to financial statements



CUTANEOUS LYMPHOMA FOUNDATION

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2012
See Independent Auditors' Report

Cash Flows from Operating Activities:

Change in net assets	\$ (156,795)
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	644
Unrealized gain on investments	(84)
Realized loss on investments	446
In-kind stock donation	(2,470)
(Increase) decrease in operating assets:	
Promises to give	10,775
Inventory	(505)
Prepaid rent	(1,019)
Security deposit	(1,333)
Increase in operating liabilities:	
Accounts payable	4,596
Accrued vacation	6,871
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Net cash flows used in operating activities	(138,874)

Cash Flows from Investing Activities:

Furniture purchases	(3,865)
Proceeds from sale of stock	8,081
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Net Cash Flows From Investing Activities

4,216

Net Decrease in Cash and Cash Equivalents

(134,658)

Cash and Cash Equivalents - Beginning

1,256,353

Cash and Cash Equivalents - Ending

\$ 1,121,695

See accompanying notes to financial statements



CUTANEOUS LYMPHOMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
See Independent Auditors' Report

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Cutaneous Lymphoma Foundation is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Program

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. The Foundation's primary sources of revenue are grants and contributions.

Basis of Accounting

The Foundation follows the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash on hand and demand deposits in banks plus short-term investments that are readily convertible to cash, as well as investments with original maturities of three months or less.

Fair Value Measurements

FASB ASC Topic 820, Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization's investments are reported at fair value in the accompanying statement of financial position. The carrying values of receivables and cash and cash equivalents in the accompanying statement of financial position approximate fair value at June 30, 2012.

CUTANEOUS LYMPHOMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2012
See Independent Auditors' Report

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Promises to Give

Promises to give are recorded as received. Unconditional promises to give due in the next year are recorded at net realizable value. Unconditional promises to give due after one year are recorded at the present value of their net realizable value. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

Furniture

Property and equipment purchased by the Organization is carried on its books at cost. Property and equipment donated to the Organization is recorded at its estimated value at the date of receipt by the Organization. Expenditures for major betterments and additions are charged to the property accounts, while replacements, maintenance and repairs which do not improve or extend the life of the respective assets are expensed currently.

Depreciation of furniture is provided under the straight-line method over five years.

Gains or losses from the sale of furniture is recorded in the statement of activities.

Financial Statement Presentation and Contributions

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Accordingly, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires or is satisfied 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 or is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets. The Organization has no permanently restricted net assets.

Donated Goods and Services

Donated goods and services are reflected as revenue and expense in the period received at their estimated values on the date of receipt.

In addition, a number of non-professional volunteers have donated significant hours of their time in the Organization's programs. No value for these donated services is reflected in the accompanying financial statements because these services are not specialized skills provided by entities or persons possessing those skills that would be purchased if they were not donated.

CUTANEOUS LYMPHOMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2012
See Independent Auditors' Report

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs, management and general, and fundraising on various bases and estimates. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different results.

Inventory

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

Income Taxes

The Organization is a nonprofit organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore, is not subject to tax under Federal income tax laws. Contributions to Cutaneous Lymphoma Foundation qualify for the charitable contributions deduction to the extent provided by Section 170 of the Internal Revenue Code.

Events Occurring After Reporting Date

The Organization has evaluated events and transactions for potential recognition or disclosure through October 11, 2012, the date that the financial statements were available to be issued.

NOTE 2 - CREDIT RISK

The Organization places its cash with highly credited qualified financial institutions and does not believe it is exposed to any significant credit risk in cash and short-term investments.

NOTE 3 - MAJOR CONTRIBUTOR

For the year ended June 30, 2012, approximately 31% of the Organization's contributions and grants revenue was attributable to one contributor. Loss of such support could have a significant impact on the Organization's activities. Management, however, does not foresee the loss of these contributions and grants in the near future.

CUTANEOUS LYMPHOMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2012
See Independent Auditors' Report

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2012:

Furniture	\$	3,865
Less accumulated depreciation		<u>644</u>
Total	\$	<u><u>3,221</u></u>

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2012 consisted of the following:

Website	\$	25,000
Research		481,124
Education, patient forums, and publications		<u>110,000</u>
Total temporarily restricted net assets	\$	<u><u>616,124</u></u>

Net assets were released from restrictions during the year ending June 30, 2012 by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Research related expenses	\$	3,000
Education, patient forums, and publications		<u>247,500</u>
Total release of temporarily restricted net assets	\$	<u><u>250,500</u></u>

NOTE 6 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at June 30, 2012:

Checking account	\$	30,252
Savings account		<u>1,091,443</u>
Total	\$	<u><u>1,121,695</u></u>

CUTANEOUS LYMPHOMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2012
See Independent Auditors' Report

NOTE 7 - LEASE COMMITMENTS

On July 11, 2011, the Foundation entered into a lease agreement for office space. The lease term begins July 13, 2011 and continues through July 13, 2014. The lease requires monthly installments of \$1,106 for the first year, and annual increases of approximately 14%. Rent expense was \$11,891 during the year ending June 30, 2012.

Future minimum lease payments for the next three years ending June 30, 2015 are as follows:

2013	\$	14,994
2014		16,875
2015		1,419

SUPPLEMENTAL INFORMATION

CUTANEOUS LYMPHOMA FOUNDATION

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012
See Independent Auditors' Report

	Program	Management and General	Fundraising	Total
Grant expense	\$ 3,250	\$ -	\$ -	\$ 3,250
Officer compensation	122,744	14,654	11,134	148,532
Other compensation	88,246	8,518	15,875	112,639
Payroll taxes and benefits	23,594	4,278	4,198	32,070
Payroll processing fees	2,130	385	443	2,958
Professional fees	9,637	15,679	-	25,316
Occupancy	10,709	2,008	669	13,386
Insurance	922	167	192	1,281
Supplies and office expense	1,992	1,030	413	3,435
Telephone expense	3,556	165	-	3,721
Postage and shipping	19,092	244	5,469	24,805
Printing	40,947	529	8,134	49,610
Conferences and forums	54,141	135	-	54,276
Travel	37,470	2,396	131	39,997
Board meetings	-	31,445	38	31,483
Dues and subscriptions	804	1,114	-	1,918
Computer services	39,087	1,988	25	41,100
Licenses and fees	-	-	3,312	3,312
Depreciation	515	97	32	644
Miscellaneous	-	3,422	-	3,422
	\$ 458,836	\$ 88,254	\$ 50,065	\$ 597,155
Total expenses	\$ 458,836	\$ 88,254	\$ 50,065	\$ 597,155

**CUTANEOUS LYMPHOMA FOUNDATION
FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2012**

