

Cutaneous Lymphoma Foundation

Audited Financial Statements

June 30, 2013 and 2012

CROSKEY LANNI, PC
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

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INDEPENDENT AUDITOR'S 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, 2013 and 2012, and the related statements of activities 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.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating 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 Cutaneous Lymphoma Foundation, as of June 30, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 12 and 13 are presented for purposes of additional analysis and are 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

September 9, 2013
Rochester, Michigan

CUTANEOUS LYMPHOMA FOUNDATION

STATEMENTS OF FINANCIAL POSITION See Independent Auditor's Report

ASSETS

	June 30,	
	2013	2012
Assets		
Cash and cash equivalents	\$ 892,390	\$ 1,121,695
Promises to give	100,000	25,000
Prepaid rent	1,019	1,019
Inventory	3,401	4,307
Security deposit	1,333	1,333
Property and equipment, net	2,384	3,221
	<hr/>	<hr/>
Total assets	\$ 1,000,527	\$ 1,156,575

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 43,989	\$ 24,226
Accrued expenses	15,451	6,871
	<hr/>	<hr/>
Total liabilities	59,440	31,097
Net Assets		
Unrestricted	336,710	509,354
Temporarily restricted	604,377	616,124
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Total net assets	941,087	1,125,478
Total liabilities and net assets	\$ 1,000,527	\$ 1,156,575

See accompanying notes to financial statements

CUTANEOUS LYMPHOMA FOUNDATION

STATEMENTS OF ACTIVITIES
See Independent Auditor's Report

	Year Ended June 30, 2013		
	Unrestricted	Temporarily Restricted	Total
Support and Revenue:			
Contributions and grants	\$ 195,658	\$ 218,463	\$ 414,121
Contributed materials	338	-	338
Merchandise sales, net of cost of goods sold of \$906 in 2013 and \$144 in 2012	(402)	-	(402)
Special events	2,495	-	2,495
Interest income	561	-	561
	198,650	218,463	417,113
Total support and revenue			
	198,650	218,463	417,113
Net Assets Released from Temporary Restrictions	230,210	(230,210)	-
	428,860	(11,747)	417,113
Functional Expenses:			
Program	435,650	-	435,650
Management and general	89,110	-	89,110
Fundraising	76,744	-	76,744
	601,504	-	601,504
Total functional expenses			
	601,504	-	601,504
Change in Net Assets	(172,644)	(11,747)	(184,391)
Net Assets - Beginning	509,354	616,124	1,125,478
Net Assets - Ending	\$ 336,710	\$ 604,377	\$ 941,087

CUTANEOUS LYMPHOMA FOUNDATION

STATEMENTS OF ACTIVITIES
See Independent Auditor's Report

	Year Ended June 30, 2012		
	Unrestricted	Temporarily Restricted	Total
Support and Revenue:			
Contributions and grants	\$ 191,432	\$ 245,100	\$ 436,532
Contributed materials	-	-	-
Merchandise sales, net of cost of goods sold of \$906 in 2013 and \$144 in 2012	6	-	6
Special events	-	-	-
Interest income	3,822	-	3,822
	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
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

STATEMENTS OF CASH FLOWS See Independent Auditor's Report

	Year Ended June 30,	
	2013	2012
Cash Flows from Operating Activities:		
Change in net assets	\$ (184,391)	\$ (156,795)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	837	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	(75,000)	10,775
Inventory	906	(505)
Prepaid rent	-	(1,019)
Security deposit	-	(1,333)
Increase in operating liabilities:		
Accounts payable	19,763	4,596
Accrued expenses	8,580	6,871
	(229,305)	(138,874)
Net cash flows used in operating activities		
Cash Flows Provided By Investing Activities:		
Furniture purchases	-	(3,865)
Proceeds from sale of investment securities	-	8,081
	-	4,216
Net Cash Flows Provided By Investing Activities		
	(229,305)	(134,658)
Net Decrease in Cash and Cash Equivalents		
	1,121,695	1,256,353
Cash and Cash Equivalents - Beginning		
	\$ 892,390	\$ 1,121,695
Cash and Cash Equivalents - Ending	\$ 892,390	\$ 1,121,695

See accompanying notes to financial statements



CUTANEOUS LYMPHOMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2013 and 2012
See Independent Auditor's 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

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 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.

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.

CUTANEOUS LYMPHOMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEARS ENDED JUNE 30, 2013 and 2012
See Independent Auditor's Report

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment

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 property and equipment are recorded in the statement of activities.

Financial statement Presentation and Contribution

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.

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.

CUTANEOUS LYMPHOMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEARS ENDED JUNE 30, 2013 and 2012
See Independent Auditor's Report

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Inventory

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

Income Taxes

The Organization is a non-profit organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to income tax on income derived from its exempt function. The Organization is no longer subject to examination by the Internal Revenue Service for the tax years that ended prior to June 30, 2010.

Events Occurring After Reporting Date

The Organization has evaluated events and transactions for potential recognition or disclosure through September 9, 2013, the date the financial statements were available to be issued.

NOTE 2 – CREDIT RISK

The Organization maintains cash and cash equivalents at one financial institution located in Michigan. Accounts at this institution were insured by the Federal Deposit Insurance Corporation with a \$250,000 limit coverage on cash accounts. Cash and cash equivalents exceeded the coverage limit by \$642,390 and \$871,695 at June 30, 2013 and 2012, respectively. The Organization's management does not believe it is exposed to any significant credit risks in cash and cash equivalents.

NOTE 3 – MAJOR CONTRIBUTOR

Support from one organization amounted to 25% and 31% of total support and revenue for the year ended June 30, 2013 and 2012, respectively. Loss of such support could have a significant impact on the Organization's activities. Management is making efforts to reduce the concentration of its revenue and support by developing the donor base.

CUTANEOUS LYMPHOMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEARS ENDED JUNE 30, 2013 and 2012
See Independent Auditor's Report

NOTE 4— PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	June 30,	
	2013	2012
Furniture and equipment	\$ 3,865	\$ 3,865
Less accumulated depreciation	1,481	644
Total	<u>\$ 2,384</u>	<u>\$ 3,221</u>

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following:

	June 30,	
	2013	2012
Education, patient forums, and publications	\$ 122,790	\$ 110,000
Website	-	25,000
Research	480,534	481,124
Wound care	1,053	-
Total temporarily restricted net assets	<u>\$ 604,377</u>	<u>\$ 616,124</u>

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

	Year Ended June 30,	
	2013	2012
Research related expenses	\$ 3,000	\$ 3,000
Education, patient forums, and publications	227,210	247,500
Total release of temporarily restricted net assets	<u>\$ 230,210</u>	<u>\$ 250,500</u>

CUTANEOUS LYMPHOMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2013 and 2012
See Independent Auditor's Report

NOTE 6 – CASH AND CASH EQUIVALENTS

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

	June 30,	
	2013	2012
Checking account	\$ 75,011	\$ 30,252
Savings account	817,379	1,091,443
Total	<u>\$ 892,390</u>	<u>\$ 1,121,695</u>

NOTE 7 – LEASE COMMITMENTS

The Foundation leases office space under a three year lease beginning July 13, 2011 and continuing 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 \$14,115 and \$11,891 during the year ending June 30, 2013 and 2012, respectively.

Future minimum lease payments for the years ending June 30 are as follows:

2014	\$ 16,875
2015	1,419

NOTE 8 – BENEFIT PLAN PARTICIPATION

The Foundation is a participant in a multiple employer 401(k) Plan of the professional employer organization which also provides the staffing for the Foundation. Staff who are over the age of 21 are eligible to participate. The plan allows for elective matching contributions by the Foundation. Total contributions by the Foundation amounted to \$26,271 and \$15,616 during the year ended June 30, 2013 and 2012, respectively.

SUPPLEMENTAL INFORMATION

CUTANEOUS LYMPHOMA FOUNDATION

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR 2012
See Independent Auditor's Report

	Year Ended June 30, 2013				2012
	Program	Management and General	Fundraising	Total	Total
Grant expense	\$ 3,000	\$ -	\$ -	\$ 3,000	\$ 3,250
Officer compensation	114,501	27,563	21,508	163,572	148,532
Other compensation	66,464	14,525	32,943	113,932	112,639
Payroll taxes and benefits	32,297	11,321	6,681	50,299	32,070
Payroll processing fees	2,890	672	869	4,431	2,958
Professional fees	15,000	11,640	-	26,640	25,316
Occupancy	12,120	2,273	757	15,150	13,386
Insurance	2,213	514	666	3,393	1,281
Supplies and office expense	2,192	590	196	2,978	3,435
Telephone expense	5,209	99	-	5,308	3,721
Postage and shipping	14,382	275	3,565	18,222	24,805
Printing	27,460	5,033	6,324	38,817	49,610
Conferences and forums	62,447	-	-	62,447	54,276
Travel	62,347	176	88	62,611	39,997
Board meetings	-	2,672	-	2,672	31,483
Dues and subscriptions	1,061	1,200	-	2,261	1,918
Computer services	11,397	8,552	623	20,572	41,100
Licenses and fees	-	-	2,482	2,482	3,312
Depreciation	670	125	42	837	644
Miscellaneous	-	1,880	-	1,880	3,422
	\$ 435,650	\$ 89,110	\$ 76,744	\$ 601,504	\$ 597,155
Total expenses	\$ 435,650	\$ 89,110	\$ 76,744	\$ 601,504	\$ 597,155

CUTANEOUS LYMPHOMA FOUNDATION

FUNCTIONAL EXPENSE CHART
FOR THE YEAR ENDED JUNE 30, 2013
See Independent Auditor's Report

