

CUTANEOUS LYMPHOMA FOUNDATION, INC.

AUDITED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
JUNE 30, 2015 AND 2014**

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O'BRIEN, RIVAMONTE, SLATE & SCHULTE, P.C.

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of
Cutaneous Lymphoma Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying statement of financial position of Cutaneous Lymphoma Foundation, Inc., (a Michigan nonprofit corporation) as of June 30, 2015, and the related statement of activities and cash flows for the year 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 audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform an 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, Inc. as of June 30, 2015, and the results of its operations and its cash flows for the year 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 of functional expenses on page 12 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.

O'Brien, Rivamonte, Slate & Schulte, P.C.

Southfield, Michigan
September 15, 2015

**CUTANEOUS LYMPHOMA FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2015 & 2014**

ASSETS

	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 875,846	\$ 1,050,723
Promises to give	43,000	7,775
Inventory	2,155	2,919
Total current assets	<u>921,001</u>	<u>1,061,417</u>
FIXED ASSETS		
Property and equipment, net	708	1,546
Total fixed assets	<u>708</u>	<u>1,546</u>
OTHER ASSETS		
Prepaid rent	1,019	1,019
Security deposit	1,333	1,333
Total other assets	<u>2,352</u>	<u>2,352</u>
TOTAL ASSETS	<u>\$ 924,061</u>	<u>\$ 1,065,315</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 18,579	\$ 20,214
Accrued expenses	90,832	83,093
Total liabilities	<u>109,411</u>	<u>103,307</u>
NET ASSETS		
Unrestricted	159,448	323,988
Temporarily restricted	655,202	638,020
Total unrestricted net assets	<u>814,650</u>	<u>962,008</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 924,061</u>	<u>\$ 1,065,315</u>

See independent auditor's report and accompanying notes to financial statements.

**CUTANEOUS LYMPHOMA FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 162,681	\$ 575,515	\$ 738,196
Merchandise sales, net of cost of goods sold of \$784 in 2015 and \$482 in 2014	(673)	0	(673)
Special events	600	0	600
Interest income	548	0	548
TOTAL SUPPORT AND REVENUE	163,156	575,515	738,671
NET ASSETS RELEASED FROM TEMPORARY RESTRICTIONS	558,333	(558,333)	0
	721,489	17,182	738,671
FUNCTIONAL EXPENSES			
Program	742,371	0	742,371
Management and general	71,933	0	71,933
Fundraising	71,725	0	71,725
TOTAL FUNCTIONAL EXPENSES	886,029	0	886,029
CHANGE IN NET ASSETS	(164,540)	17,182	(147,358)
NET ASSETS - beginning of year	323,988	638,020	962,008
NET ASSETS - end of year	\$ 159,448	\$ 655,202	\$ 814,650

See independent auditor's report and accompanying notes to financial statements.

**CUTANEOUS LYMPHOMA FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants	\$ 446,253	\$ 416,100	\$ 862,353
Merchandise sales, net of cost of goods sold of \$482 in 2014 and \$906 in 2013	226	0	226
Interest income	941	0	941
TOTAL SUPPORT AND REVENUE	<u>447,420</u>	<u>416,100</u>	<u>863,520</u>
NET ASSETS RELEASED FROM TEMPORARY RESTRICTIONS	<u>382,457</u>	<u>(382,457)</u>	<u>0</u>
	<u>829,877</u>	<u>33,643</u>	<u>863,520</u>
FUNCTIONAL EXPENSES			
Program	689,573	0	689,573
Management and general	82,753	0	82,753
Fundraising	70,273	0	70,273
TOTAL FUNCTIONAL EXPENSES	<u>842,599</u>	<u>0</u>	<u>842,599</u>
CHANGE IN NET ASSETS	<u>(12,722)</u>	<u>33,643</u>	<u>20,921</u>
NET ASSETS - beginning of year	336,710	604,377	941,087
NET ASSETS - end of year	<u>\$ 323,988</u>	<u>\$ 638,020</u>	<u>\$ 962,008</u>

See independent auditor's report and accompanying notes to financial statements.

**CUTANEOUS LYMPHOMA FOUNDATION, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED JUNE 30, 2015 & 2014**

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2015</u>	<u>2014</u>
Change in net assets	\$ (147,358)	\$ 20,921
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	838	838
(Increase) / decrease in operating assets:		
Promises to give	(35,225)	92,225
Inventory	764	482
Increase / (decrease) in operating liabilities:		
Accounts payable	(1,635)	(23,775)
Accrued expenses	7,739	67,642
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(174,877)</u>	<u>158,333</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(174,877)	158,333
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,050,723</u>	<u>892,390</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 875,846</u>	<u>\$ 1,050,723</u>

See independent auditor's report and accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

CUTANEOUS LYMPHOMA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Cutaneous Lymphoma Foundation, Inc. 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, Inc. (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 generally accepted accounting principles 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 reported period. Accordingly, actual results could differ from those estimates.

Promises to Give

Promises to give are recorded as a receivable when all conditions are met. 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. All promises to give recorded on statement of financial position were received within one year.

CUTANEOUS LYMPHOMA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

Property & Equipment

Property and equipment purchased by the Foundation is recorded on its books at cost. Property and equipment donated to the Foundation is recorded at its estimated value at the date of receipt by the Foundation. 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 expense is provided under the straight-line method over five years.

Gains or losses from the sale of property and equipment are recorded in the statements of activities.

Financial Statement Presentation and Contribution

The Foundation reports information regarding its financial position and activities according to three classes or net assets: unrestricted net assets, temporarily restricted 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 or 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 Foundation 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 professional and non-professional volunteers have donated hours of their time in the Foundation's programs. No value for these donated services is reflected in the accompanying financial statements because they have not met the criteria to be recorded.

CUTANEOUS LYMPHOMA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

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 Foundation 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 Foundation believes that it is no longer subject to examination by the Internal Revenue Service for the tax years that ended prior to June 30, 2011.

Events Occurring After Reporting Date

The Foundation has evaluated events and transactions for potential recognition or disclosure through September 15, 2015, the date the financial statements were available to be issued.

NOTE 2 - CREDIT RISK

The Foundation maintains cash and cash equivalents at four financial locations in Michigan. Each institution is 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 a total \$1,042 at one location as of June 30, 2015. The Foundation's management does not believe it is exposed to any significant credit risks in cash and cash equivalents.

NOTE 3 - MAJOR CONTRIBUTOR

Support from four organizations amounted to 62% of total support and revenue for the year ended June 30, 2015. Loss of such support could have a significant impact on the Foundation's activities. Management is making efforts to reduce the concentration of its revenue and support by developing the donor base.

CUTANEOUS LYMPHOMA FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 AS OF JUNE 30, 2015 & 2014

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2015</u>	<u>2014</u>
Furniture and equipment	\$ 3,865	\$ 3,865
Less: accumulated depreciation	3,157	2,319
Total	<u>\$ 708</u>	<u>\$ 1,546</u>

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following:

	<u>2015</u>	<u>2014</u>
Education, patient forums, and publications	\$ 313,000	\$ 180,833
Website	-	12,500
Research	340,149	442,634
Wound care	2,053	2,053
Total temporarily restricted net assets	<u>\$ 655,202</u>	<u>\$ 638,020</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:

	<u>2015</u>	<u>2014</u>
Research related expenses	\$ 103,000	\$ 53,000
Education, patient forums, and publications	455,333	329,457
Total release of temporarily restricted net assets	<u>\$ 558,333</u>	<u>\$ 382,457</u>

NOTE 6 - CASH AND CASH EQUIVALENTS

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

	<u>2015</u>	<u>2014</u>
Checking account	\$ 155,292	\$ 241,228
Savings account	720,554	809,495
Total	<u>\$ 875,846</u>	<u>\$ 1,050,723</u>

CUTANEOUS LYMPHOMA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 7 - LEASE COMMITMENTS

The Foundation leases office space under a three year lease beginning July 13, 2014 and continuing through July 13, 2017. The lease requires monthly installments of \$1,255 for the first year, and annual increases of approximately 3%. Rent expense was \$13,888 and \$15,997 during the year ending June 30, 2015 and 2014, respectively.

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

2016	\$15,487
2017	\$15,958
2018	\$ 1,333

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 \$33,828 and \$27,940 during the year ended June 30, 2015 and 2014, respectively.

**CUTANEOUS LYMPHOMA FOUNDATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR 2014**

	2015			2014	
	Program	Management and General	Fundraising	Total	Total
Research grant expense	\$ 103,000	\$ -	\$ -	\$ 103,000	\$ 53,000
Officer compensation	136,199	22,849	11,201	170,249	170,704
Other compensation	114,859	13,803	34,288	162,950	128,265
Payroll taxes and benefits	56,199	8,242	10,491	74,932	75,183
Payroll processing fees	4,140	607	773	5,520	4,693
Professional fees	40,279	5,235	-	45,514	52,893
Occupancy	11,868	2,225	743	14,836	17,032
Insurance	1,867	511	179	2,557	2,507
Supplies and office expense	3,130	857	300	4,287	3,614
Needs assess / Staff develop	-	6,681	-	6,681	9,185
GRDR	-	24	-	24	1,600
Telephone expense	6,602	163	-	6,765	5,355
Postage and shipping	18,218	192	4,791	23,201	21,038
Printing	30,739	986	5,558	37,283	48,400
Conferences and forums	127,872	-	-	127,872	126,743
Travel	79,355	-	-	79,355	85,773
Board meetings	-	5,575	-	5,575	5,989
Dues and subscriptions	2,323	-	-	2,323	2,651
Computer services	5,051	3,857	275	9,183	23,869
Licenses and fees	-	-	3,084	3,084	3,097
Depreciation	670	126	42	838	838
Miscellaneous	-	-	-	-	170
TOTAL EXPENSES	\$ 742,371	\$ 71,933	\$ 71,725	\$ 886,029	\$ 842,599