

CUTANEOUS LYMPHOMA FOUNDATION, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
JUNE 30, 2019 AND 2018

INDEX

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4 - 5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7 - 11
SCHEDULE OF FUNCTIONAL EXPENSES	12

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of Cutaneous Lymphoma Foundation, Inc., (a Michigan nonprofit corporation) as of June 30, 2019 and 2018, 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 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, 2019 and 2018, 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.

Report on Supplementary Information

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 30, 2019

**CUTANEOUS LYMPHOMA FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2019 & 2018**

ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 915,500	\$ 759,817
Promises to give	110,274	0
Inventory	386	2,205
Total current assets	<u>1,026,160</u>	<u>762,022</u>
FIXED ASSETS		
Property and equipment	67,375	67,375
Less: Accumulated depreciation	40,912	19,742
TOTAL FIXED ASSETS	<u>26,463</u>	<u>47,633</u>
OTHER ASSETS		
Prepaid expenses	2,946	0
Security deposit	1,386	1,386
Total other assets	<u>4,332</u>	<u>1,386</u>
TOTAL ASSETS	<u>\$ 1,056,955</u>	<u>\$ 811,041</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 8,265	\$ 6,387
Accrued expenses	80,225	67,385
Total current liabilities	<u>88,490</u>	<u>73,772</u>
NET ASSETS		
Net assets without restrictions	371,718	262,320
Net assets with restrictions	596,747	474,949
Total net assets	<u>968,465</u>	<u>737,269</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,056,955</u>	<u>\$ 811,041</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, 2019**

	Net assets without restrictions	Net assets with restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 207,915	\$ 860,300	\$ 1,068,215
Merchandise sales, net of cost of goods sold of \$0 in 2019 and \$21 in 2018	0	0	-
Interest income	3,758	0	3,758
TOTAL SUPPORT AND REVENUE	211,673	860,300	1,071,973
NET ASSETS RELEASED FROM TEMPORARY RESTRICTIONS	738,502	(738,502)	0
	950,175	121,798	1,071,973
FUNCTIONAL EXPENSES			
Program	670,017	0	670,017
Management and general	103,537	0	103,537
Fundraising	67,223	0	67,223
TOTAL FUNCTIONAL EXPENSES	840,777	0	840,777
CHANGE IN NET ASSETS	109,398	121,798	231,196
NET ASSETS - beginning of year	262,320	474,949	737,269
NET ASSETS - end of year	\$ 371,718	\$ 596,747	\$ 968,465

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

**CUTANEOUS LYMPHOMA FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

	Net assets without restrictions	Net assets with restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 166,743	\$ 723,622	\$ 890,365
Merchandise sales, net of cost of goods sold of \$21 in 2018 and (\$172) in 2017	21	0	21
Interest income	211	0	211
TOTAL SUPPORT AND REVENUE	166,975	723,622	890,597
NET ASSETS RELEASED FROM TEMPORARY RESTRICTIONS	624,709	(624,709)	0
	791,684	98,913	890,597
FUNCTIONAL EXPENSES			
Program	580,811	0	580,811
Management and general	109,652	0	109,652
Fundraising	37,491	0	37,491
TOTAL FUNCTIONAL EXPENSES	727,954	0	727,954
CHANGE IN NET ASSETS	63,730	98,913	162,643
NET ASSETS - beginning of year	198,590	376,036	574,626
NET ASSETS - end of year	\$ 262,320	\$ 474,949	\$ 737,269

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, 2019 & 2018**

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2019</u>	<u>2018</u>
Change in net assets	\$ 231,196	\$ 162,643
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	21,170	15,877
(Increase) / decrease in operating assets:		
Promises to give	(110,274)	60,000
Inventory	1,820	163
Prepaid expenses	(2,946)	1,386
Increase / (decrease) in operating liabilities:		
Accounts payable	1,877	(9,449)
Accrued expenses	12,840	(15,318)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>155,683</u>	<u>215,302</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed asset purchases	<u>0</u>	<u>(12,156)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>0</u>	<u>(12,156)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	155,683	203,146
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>759,817</u>	<u>556,671</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 915,500</u>	<u>\$ 759,817</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, 2019 AND 2018

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. There were promises to give of \$110,274 recorded on the financial statements for the current fiscal year end of June 30, 2019 .

CUTANEOUS LYMPHOMA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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. Website costs were capitalized and depreciation started this fiscal year because the website was placed into service as of October 2017.

Depreciation expense is provided under the straight-line method over three to five years depending on the type of property or equipment. 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 two classes of net assets: net assets with restrictions and net assets without restrictions. Accordingly, contributions received are recorded as net assets with restrictions and net assets without restrictions depending on the existence and/or nature or any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without restrictions 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 net assets with restrictions depending on the nature of the restriction. When a restriction expires or is satisfied, temporarily restricted net assets are reclassified to net assets without restrictions.

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 or 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, 2019 AND 2018

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 the lower of cost or net realizable value 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.

Events Occurring After Reporting Date

The Foundation has evaluated events and transactions for potential recognition or disclosure through September 30, 2019, 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 as of June 30, 2019 by \$125,775. The Foundation's management does not believe it is exposed to any significant credit risks in cash and cash equivalents. The Foundation has enough cash on hand to cover just over one year's worth of normal operating expenditures.

NOTE 3 - MAJOR CONTRIBUTOR

Support from six organizations amounted to 67% of total support and revenue for the year ended June 30, 2019. 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, 2019 & 2018

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 3,865	\$ 3,865
Website	63,510	63,510
Total property and equipment	67,375	67,375
Less: accumulated depreciation	40,912	19,742
Total net property and equipment	<u>\$ 26,463</u>	<u>\$ 47,633</u>

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following:

	<u>2019</u>	<u>2018</u>
Education, patient forums, and publications	\$ 316,998	\$ 183,500
Research	276,696	288,397
Wound care	3,053	3,053
Total temporarily restricted net assets	<u>\$ 596,747</u>	<u>\$ 474,950</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>2019</u>	<u>2018</u>
Research related expenses	\$ -	\$ 3,000
Education, patient forums, and publications	738,502	621,709
Total release of temporarily restricted net assets	<u>\$ 738,502</u>	<u>\$ 624,709</u>

NOTE 6 - CASH AND CASH EQUIVALENTS

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

	<u>2019</u>	<u>2018</u>
Checking account	\$ 195,698	\$ 340,863
Savings account	719,802	418,954
Total	<u>\$ 915,500</u>	<u>\$ 759,817</u>

CUTANEOUS LYMPHOMA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 7 - LEASE COMMITMENTS

The Foundation leases office space under a five year lease beginning July 1, 2017 and continuing through June 30, 2022. The lease requires monthly installments of \$1,386 for the entire lease period. Rent expense was \$16,637 and \$17,460 for the years ending June 30, 2019 and 2018, respectively.

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

2020 thru 2022	\$16,637
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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 \$38,724 and \$33,842 during the year ended June 30, 2019 and 2018, respectively.

SCHEDULE OF FUNCTIONAL EXPENSES

CUTANEOUS LYMPHOMA FOUNDATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE TOTALS FOR 2018

	2019			2018	
	Program	Management and General	Fundraising	Total	Total
Research grant expense	\$ 6,000	\$ -	\$ -	\$ 6,000	\$ 3,000
Officer compensation	150,198	22,791	14,760	187,749	194,310
Other compensation	129,366	26,466	13,478	169,310	143,430
Payroll taxes and benefits	52,373	11,627	8,874	72,874	65,491
Payroll processing fees	4,590	829	956	6,375	5,946
Professional fees	48,411	8,414	14,042	70,867	67,174
Occupancy	13,310	2,496	831	16,637	17,460
Insurance	-	2,774	-	2,774	2,778
Supplies and office expense	409	5,204	68	5,681	5,761
Telephone expense	3,843	720	240	4,803	6,807
Postage and shipping	11,395	938	1,370	13,703	18,192
Printing	28,177	1,565	1,565	31,307	29,107
Conferences and forums	144,008	11,201	4,800	160,009	92,517
Travel	45,974	5,392	2,696	54,062	45,930
Dues and subscriptions	2,847	850	-	3,697	3,364
Computer services	7,946	2,270	287	10,503	7,434
Licenses and fees	-	-	3,256	3,256	3,376
Depreciation	21,170	-	-	21,170	15,877
TOTAL EXPENSES	\$ 670,017	\$ 103,537	\$ 67,223	\$ 840,777	\$ 727,954