

CUTANEOUS LYMPHOMA FOUNDATION, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED  
JUNE 30, 2020 AND 2019

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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.

We have audited the accompanying statements of financial position of Cutaneous Lymphoma Foundation, Inc., (a Michigan nonprofit corporation) as of June 30, 2020 and 2019, and the related statements of activities, cash flows, functional expenses 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

Southfield, Michigan  
October 12, 2020

**CUTANEOUS LYMPHOMA FOUNDATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2020 & 2019**

**ASSETS**

	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,177,146	\$ 915,500
Promises to give	5,000	110,274
Inventory	0	386
<b>Total current assets</b>	<u>1,182,146</u>	<u>1,026,160</u>
<b>FIXED ASSETS</b>		
Property and equipment	86,461	67,375
Less: Accumulated depreciation	62,081	40,912
<b>TOTAL FIXED ASSETS</b>	<u>24,380</u>	<u>26,463</u>
<b>OTHER ASSETS</b>		
Prepaid expenses	9,780	2,946
Security deposit	1,386	1,386
<b>Total other assets</b>	<u>11,166</u>	<u>4,332</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,217,692</u>	<u>\$ 1,056,955</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 7,754	\$ 8,265
Accrued expenses	31,543	80,225
PPP loan	80,400	0
<b>Total current liabilities</b>	<u>119,697</u>	<u>88,490</u>
<b>NET ASSETS</b>		
Net assets without restrictions	383,790	371,718
Net assets with restrictions	714,205	596,747
<b>Total net assets</b>	<u>1,097,995</u>	<u>968,465</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,217,692</u>	<u>\$ 1,056,955</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, 2020

	Net assets without restrictions	Net assets with restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions and grants	\$ 243,439	\$ 763,642	\$ 1,007,081
Interest income	2,176	0	2,176
<b>TOTAL SUPPORT AND REVENUE</b>	<b>245,615</b>	<b>763,642</b>	<b>1,009,257</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>646,184</b>	<b>(646,184)</b>	<b>0</b>
	<b>891,799</b>	<b>117,458</b>	<b>1,009,257</b>
<b>FUNCTIONAL EXPENSES</b>			
Program	697,765	0	697,765
Management and general	121,977	0	121,977
Fundraising	59,985	0	59,985
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>879,727</b>	<b>0</b>	<b>879,727</b>
<b>CHANGE IN NET ASSETS</b>	<b>12,072</b>	<b>117,458</b>	<b>129,530</b>
<b>NET ASSETS - beginning of year</b>	<b>371,718</b>	<b>596,747</b>	<b>968,465</b>
<b>NET ASSETS - end of year</b>	<b>\$ 383,790</b>	<b>\$ 714,205</b>	<b>\$ 1,097,995</b>

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
<b>SUPPORT AND REVENUE</b>			
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	0
Interest income	3,758	0	3,758
<b>TOTAL SUPPORT AND REVENUE</b>	<b>211,673</b>	<b>860,300</b>	<b>1,071,973</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>738,502</b>	<b>(738,502)</b>	<b>0</b>
	<b>950,175</b>	<b>121,798</b>	<b>1,071,973</b>
<b>FUNCTIONAL EXPENSES</b>			
Program	670,017	0	670,017
Management and general	103,537	0	103,537
Fundraising	67,223	0	67,223
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>840,777</b>	<b>0</b>	<b>840,777</b>
<b>CHANGE IN NET ASSETS</b>	<b>109,398</b>	<b>121,798</b>	<b>231,196</b>
<b>NET ASSETS - beginning of year</b>	<b>262,320</b>	<b>474,949</b>	<b>737,269</b>
<b>NET ASSETS - end of year</b>	<b>\$ 371,718</b>	<b>\$ 596,747</b>	<b>\$ 968,465</b>

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, 2020 & 2019**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>2020</u>	<u>2019</u>
Change in net assets without restrictions	\$ 12,072	\$ 109,398
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	21,169	21,170
(Increase) / decrease in operating assets:		
Promises to give	105,274	(110,274)
Inventory	386	1,820
Prepaid expenses	(6,834)	(2,946)
Increase / (decrease) in operating liabilities:		
Accounts payable	(511)	1,877
Accrued expenses	(48,682)	12,840
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>82,874</u>	<u>33,885</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed asset purchases	(19,086)	0
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>(19,086)</u>	<u>0</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in PPP loan	80,400	0
Increase in temporarily restricted funds	117,458	121,798
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>197,858</u>	<u>121,798</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	261,646	155,683
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>915,500</u>	<u>759,817</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>\$ 1,177,146</u>	<u>\$ 915,500</u>

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

**CUTANEOUS LYMPHOMA FOUNDATION, INC.  
SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020  
WITH COMPARATIVE TOTALS FOR 2019**

	2020			2019	
	Program	Management and General	Fundraising	Total	Total
Research grant expense	\$ 153,202	\$ -	\$ -	\$ 153,202	\$ 6,000
Officer compensation	161,620	19,665	15,362	196,647	187,749
Other compensation	108,366	51,050	21,878	181,294	169,310
Payroll taxes and benefits	52,089	11,531	9,074	72,694	72,874
Payroll processing fees	5,107	922	1,064	7,093	6,375
Professional fees	45,836	7,878	-	53,714	70,867
Occupancy	15,846	3,231	1,077	20,154	16,637
Insurance	-	4,328	-	4,328	2,774
Supplies and office expense	522	4,546	87	5,155	5,681
Telephone expense	7,646	1,434	478	9,558	4,803
Postage and shipping	17,109	905	2,224	20,238	13,703
Printing	30,459	1,692	1,692	33,843	31,307
Conferences and forums	38,349	2,983	1,278	42,610	160,009
Travel	29,992	3,461	1,730	35,183	54,062
Dues and subscriptions	4,215	-	-	4,215	3,697
Computer services	6,214	7,966	803	14,983	10,503
Licenses and fees	-	-	3,647	3,647	3,256
Depreciation	21,169	-	-	21,169	21,170
<b>TOTAL EXPENSES</b>	<b>\$ 697,741</b>	<b>\$ 121,592</b>	<b>\$ 60,394</b>	<b>\$ 879,727</b>	<b>\$ 840,777</b>

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, 2020 AND 2019

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 \$5,000 recorded on the financial statements for the current fiscal year end of June 30, 2020.

CUTANEOUS LYMPHOMA FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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 three to five years depending on the type of property or equipment. Depreciation of an assets starts when it is placed into service. 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 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, 2020 AND 2019

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 October 12, 2020, 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, 2020 by \$327,705. 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 CONTRIBUTORS

Support from fifteen organizations and individuals amounted to 84% of total support and revenue for the year ended June 30, 2020. 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, 2020 & 2019

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 3,865	\$ 3,865
Website	82,596	63,510
Total property and equipment	86,461	67,375
Less: accumulated depreciation	62,081	40,912
Total net property and equipment	<u>\$ 24,380</u>	<u>\$ 26,463</u>

NOTE 5 - NET ASSETS WITH RESTRICTIONS

Net assets with restrictions consisted of the following:

	<u>2020</u>	<u>2019</u>
Education, patient forums, and publications	\$ 366,346	\$ 316,998
Research	347,859	276,696
Wound care	-	3,053
Total net assets with restrictions	<u>\$ 714,205</u>	<u>\$ 596,747</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>2020</u>	<u>2019</u>
Research related expenses	\$ 154,500	\$ -
Education, patient forums, and publications	491,684	738,502
Total release of net assets with restrictions	<u>\$ 646,184</u>	<u>\$ 738,502</u>

NOTE 6 - CASH AND CASH EQUIVALENTS

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

	<u>2020</u>	<u>2019</u>
Checking account	\$ 255,167	\$ 195,698
Savings account	921,979	719,802
Total	<u>\$ 1,177,146</u>	<u>\$ 915,500</u>

CUTANEOUS LYMPHOMA FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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 \$16,637 for the years ending June 30, 2020 and 2019, respectively.

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

2021 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 \$37,755 and \$38,724 during the year ended June 30, 2020 and 2019, respectively.

NOTE 9 - MULTI ORGANIZATION PROJECT

During the year, The Cutaneous Lymphoma Foundation participated in a project (The Haystack Project) as one of a coalition of organizations providing support to patients and others in relation to rare and ultra-rare diseases. Directly related to the Foundation's mission, the project is an important part of bringing the patients' experiences to the economic and value assessment landscape by developing a framework for creating a Patient Oriented Value report to support the drug access and reimbursement review process. The Foundation managed the receipt and distribution of \$280,000 of grant funding but, in order to fairly reflect the activities of the Foundation, these revenues and related expenses have not been included in these financial statements