

CUTANEOUS LYMPHOMA FOUNDATION

FINANCIAL STATEMENTS
and
ADDITIONAL INFORMATION
with
INDEPENDENT AUDITORS' REPORT

YEAR ENDED JUNE 30, 2011

Hirzel, Jackson & Swaine, P. C. - Certified Public Accountants - Novi, Michigan

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INDEPENDENT AUDITORS' REPORT

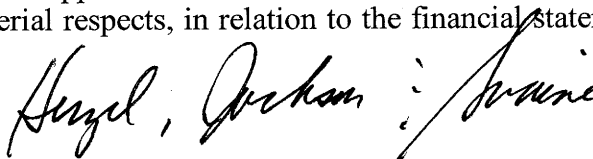
To the Board of Directors
Cutaneous Lymphoma Foundation
Troy, Michigan

We have audited the accompanying statement of financial position of Cutaneous Lymphoma Foundation, (a Michigan nonprofit corporation), as of June 30, 2011, 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, 2011, 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 made for the purpose of forming an opinion on the basic financial statements, taken as a whole. The additional information is presented for purposes of additional analysis and is not a required part of the financial statements of Cutaneous Lymphoma Foundation. This information has been subjected to the procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.



October 20, 2011

CUTANEOUS LYMPHOMA FOUNDATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2011

ASSETS

Assets:

Cash and cash equivalents	\$ 374,112
Money market accounts	882,241
Investments	5,973
Promises to give	35,775
Inventory	<u>3,802</u>
Total assets	<u>\$1,301,903</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$ <u>19,630</u>
Total liabilities	<u>19,630</u>

Net assets:

Unrestricted net assets	660,749
Temporarily restricted net assets	<u>621,524</u>
Total net assets	<u>1,282,273</u>
Total liabilities and net assets	<u>\$1,301,903</u>

The accompanying notes are an integral part
of the financial statements.

CUTANEOUS LYMPHOMA FOUNDATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Contributions and grants	\$ 400,928	\$ 271,023	\$ 671,951
Summit proceedings advertising	73,500	-	73,500
Merchandise sales, net of cost of goods sold of \$819	440	-	440
Investment income	<u>1,342</u>	<u>-</u>	<u>1,342</u>
Total support and revenue	476,210	271,023	747,233
Net assets released from temporary restrictions	<u>241,312</u>	<u>(241,312)</u>	<u>-</u>
	<u>717,522</u>	<u>29,711</u>	<u>747,233</u>
Expenses:			
Program	458,013	-	458,013
Management and general	69,914	-	69,914
Fundraising	<u>25,775</u>	<u>-</u>	<u>25,775</u>
Total functional expenses	<u>553,702</u>	<u>-</u>	<u>553,702</u>
Change in net assets	<u>163,820</u>	<u>29,711</u>	<u>193,531</u>
Net assets at beginning of year	591,647	591,813	1,183,460
Prior period adjustment	<u>(94,718)</u>	<u>-</u>	<u>(94,718)</u>
Net assets at beginning of year, as restated	<u>496,929</u>	<u>591,813</u>	<u>1,088,742</u>
Net assets - end of year	<u>\$ 660,749</u>	<u>\$ 621,524</u>	<u>\$1,282,273</u>

The accompanying notes are an integral part
of the financial statements.

CUTANEOUS LYMPHOMA FOUNDATION

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2011

Cash flows from operating activities:	
Change in net assets	\$ 193,531
Adjustments to reconcile change in net assets to net cash from operating activities:	
Unrealized loss on investments	84
In-kind stock donations	(6,057)
(Increase) decrease in operating assets:	
Promises to give	38,725
Inventory	(1,536)
Prepaid expenses	16,466
Increase (decrease) in operating liabilities:	
Accounts payable	(22,265)
Deferred revenue	<u>(73,500)</u>
Net cash flows from operating activities	<u>145,448</u>
Net increase in cash and cash equivalents	145,448
Cash and cash equivalents at beginning of year	<u>1,110,905</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,256,353</u></u>

The accompanying notes are an integral part
of the financial statements.

CUTANEOUS LYMPHOMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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 501c(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.

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.

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.

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.

1. Summary of significant accounting policies, continued

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 20, 2011, the date that the financial statements were available to be issued.

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.

3. Major contributor

For the year ended June 30, 2011, approximately 34% 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.

4. 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 following table presents fair value measurement information for Level 3 inputs. The carrying values of receivables and cash and cash equivalents in the accompanying statement of financial position approximate fair value at June 30, 2011 and are, therefore, not included in the following table.

Fair value of assets measured on a recurring basis at June 30, 2011 are as follows:

Fair Value Measurements at Reporting Date Using

	<u>Fair Value</u>	<u>Observable Inputs (Level 1)</u>
Investments	<u>\$ 5,973</u>	<u>\$ 5,973</u>

5. Investments

Investments consist of the following at June 30, 2011:

	<u>Cost</u>	<u>Fair Value</u>
Equity Securities	<u>\$ 6,057</u>	<u>\$ 5,973</u>

The cost basis of investments is recorded at cost or their fair market value at the date of donation.

Unrealized loss on investments amounted to \$84 for the year ended June 30, 2011.

6. Temporarily restricted net assets

Temporarily restricted net assets at June 30, 2011 consisted of the following:

Research	\$ 484,024
Education, patient forums, and publications	<u>137,500</u>
Total temporarily restricted net assets	<u>\$ 621,524</u>

Net assets were released from restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Research related expenses	\$ 215
Expenses related to Cutaneous Lymphoma Summit	46,097
Education, workshops and other	<u>195,000</u>
	<u>\$ 241,312</u>

7. Prior period adjustments

Net assets as of June 30, 2010 have been reduced by \$94,718, comprised of adjustments to the following financial components:

Prepaid expenses	\$ 16,466
Accounts payable	(37,684)
Deferred revenue	<u>(73,500)</u>
	<u>\$ (94,718)</u>

The adjustments have no effect on the revenue and expenses for the year ended June 30, 2011. The adjustments result from revenue that was earned and expenses that were incurred but not recognized in the year ending June 30, 2010.

8. Cash and cash equivalents

Cash and cash equivalents consisted of the following at June 30, 2011:

Checking account	\$ 374,111
Money market accounts	<u>882,242</u>
	<u>\$1,256,353</u>

9. Subsequent event

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%.

Future minimum lease payments are as follows:

Year ending June 30, 2012	\$ 12,715
2013	14,994
2014	16,875
2015	<u>1,419</u>
	<u>\$ 46,003</u>

ADDITIONAL INFORMATION

CUTANEOUS LYMPHOMA FOUNDATION

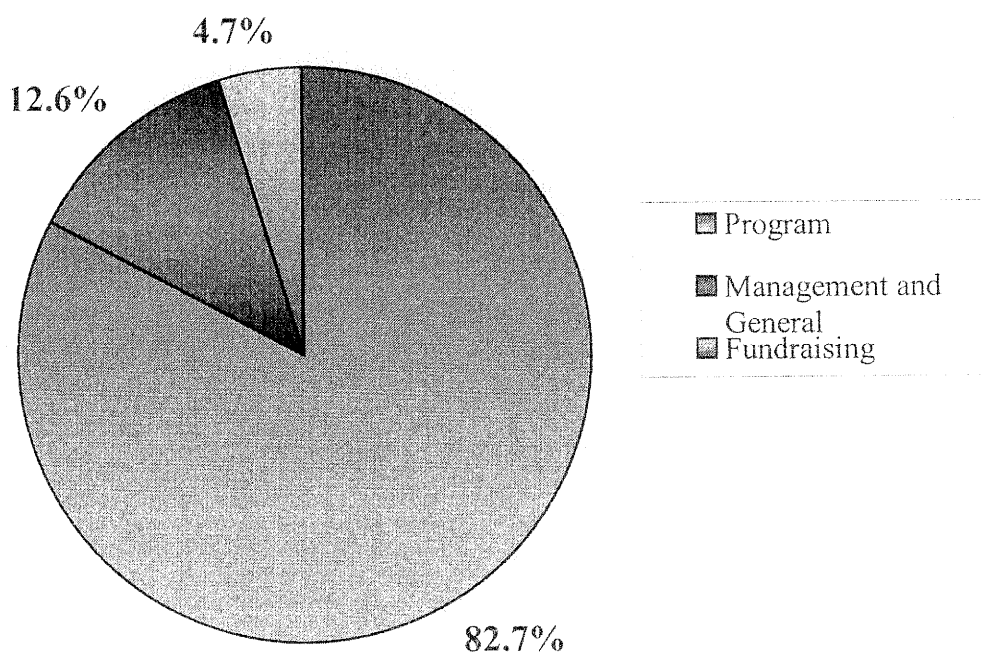
SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2011

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grant expense	\$ 1,800	\$ -	\$ -	\$ 1,800
Officer compensation	113,321	13,450	8,229	135,000
Other compensation	52,766	1,322	-	54,088
Payroll taxes and benefits	26,655	2,710	1,500	30,865
Payroll processing fees	-	3,572	-	3,572
Professional fees	2,550	22,740	-	25,290
Supplies and office expense	1,192	596	199	1,987
Telephone expense	4,722	167	-	4,889
Postage and shipping	12,476	-	4,332	16,808
Printing	88,751	2,243	6,927	97,921
Conferences and forums	70,660	-	-	70,660
Travel	47,121	802	38	47,961
Board meetings	-	10,991	-	10,991
Dues and subscriptions	1,145	1,780	-	2,925
Public relations	-	3,093	1,000	4,093
Computer services	34,854	3,177	100	38,131
Licenses and fees	-	-	3,450	3,450
Miscellaneous	-	3,271	-	3,271
	<u>\$ 458,013</u>	<u>\$ 69,914</u>	<u>\$ 25,775</u>	<u>\$ 553,702</u>

The accompanying independent auditors' report
should be read with this information.

CUTANEOUS LYMPHOMA FOUNDATION
FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2011



The accompanying independent auditors' report
should be read with this information.