

CUTANEOUS LYMPHOMA FOUNDATION, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED  
JUNE 30, 2014 AND 2013

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

CERTIFIED PUBLIC ACCOUNTANTS  
25800 NORTHWESTERN HIGHWAY #1100  
SOUTHFIELD, MICHIGAN 48075

**MEMBERS**

THE AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

(248) 353-2800

FAX (248) 353-2737

www.ors-cpa.com

**MEMBERS**

THE MICHIGAN ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS

**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, 2014, 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, 2014, 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**

The financial statements of the prior period were audited by Croskey, Lanni, P.C. Their report that was issued on September 9, 2013 was an unqualified opinion.

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 25, 2014

**CUTANEOUS LYMPHOMA FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2014 & 2013**

**ASSETS**

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 1,050,723	\$ 892,390
Promises to give	7,775	100,000
Prepaid rent	1,019	1,019
Inventory	2,919	3,401
Security deposit	1,333	1,333
Property and equipment, net	1,546	2,384
<b>TOTAL ASSETS</b>	<u>\$ 1,065,315</u>	<u>\$ 1,000,527</u>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable	\$ 20,214	\$ 43,989
Accrued expenses	83,093	15,451
<b>Total liabilities</b>	<b>103,307</b>	<b>59,440</b>
<b>NET ASSETS</b>		
Unrestricted	323,988	336,710
Temporarily restricted	638,020	604,377
<b>Total unrestricted net assets</b>	<b>962,008</b>	<b>941,087</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 1,065,315</b></u>	<u><b>\$ 1,000,527</b></u>

See accountant's audit report and accompanying notes to financial statements.



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

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

See accountant's audit report and accompanying notes to financial statements.

**CUTANEOUS LYMPHOMA FOUNDATION, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Contributions and grants	\$ 195,658	\$ 218,463	\$ 414,121
Contributed materials	338	0	338
Merchandise sales, net of cost of goods sold of \$906 in 2013 and \$144 in 2012	(402)	0	(402)
Special events	2,495	0	2,495
Interest income	561	0	561
<b>TOTAL SUPPORT AND REVENUE</b>	<b>198,650</b>	<b>218,463</b>	<b>417,113</b>
<b>NET ASSETS RELEASED FROM TEMPORARY RESTRICTIONS</b>	<b>230,210</b>	<b>(230,210)</b>	<b>0</b>
	<b>428,860</b>	<b>(11,747)</b>	<b>417,113</b>
<b>FUNCTIONAL EXPENSES</b>			
Program	435,650	0	435,650
Management and general	89,110	0	89,110
Fundraising	76,744	0	76,744
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>601,504</b>	<b>0</b>	<b>601,504</b>
<b>CHANGE IN NET ASSETS</b>	<b>(172,644)</b>	<b>(11,747)</b>	<b>(184,391)</b>
<b>NET ASSETS - beginning of year</b>	<b>509,354</b>	<b>616,124</b>	<b>1,125,478</b>
<b>NET ASSETS - end of year</b>	<b>\$ 336,710</b>	<b>\$ 604,377</b>	<b>\$ 941,087</b>

See accountant's audit report and accompanying notes to financial statements.

**CUTANEOUS LYMPHOMA FOUNDATION, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2014 & 2013**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2014</b>	<b>2013</b>
Change in net assets	\$ 20,921	\$ (184,391)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	838	837
(Increase) / decrease in operating assets:		
Promises to give	92,225	(75,000)
Inventory	482	906
Increase / (decrease) in operating liabilities:		
Accounts payable	(23,775)	19,763
Accrued expenses	67,642	8,580
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>158,333</b>	<b>(229,305)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>158,333</b>	<b>(229,305)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>892,390</b>	<b>1,121,695</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 1,050,723</b>	<b>\$ 892,390</b>

See accountant's audit 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, 2014 AND 2013

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 general accepted 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 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.



CUTANEOUS LYMPHOMA FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

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 carried 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 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 statements of activities.

Financial Statement Presentation and Contribution

The Foundation reports information regarding its financial position and activities according to three classes of 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 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 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 non-professional volunteers have donated significant hours of their time in the Foundation'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.



CUTANEOUS LYMPHOMA FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

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, 2010.

Events Occurring After Reporting Date

The Foundation has evaluated events and transactions for potential recognition or disclosure through September 25, 2014, 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 \$641 at one location and \$46 at another for a total of \$687 as of June 30, 2014. 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 one organization amounted to 23% and 25% of total support and revenue for the year ended June 30, 2014 and 2013, respectively. 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, 2014 & 2013

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2014</u>	<u>2013</u>
Furniture and equipment	\$ 3,865	\$ 3,865
Less: accumulated depreciation	2,319	1,481
Total	<u>\$ 1,546</u>	<u>\$ 2,384</u>

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following:

	<u>2014</u>	<u>2013</u>
Education, patient forums, and publications	180,833	\$ 122,790
Website	12,500	-
Research	442,634	480,534
Wound care	2,053	1,053
Total temporarily restricted net assets	<u>\$ 638,020</u>	<u>\$ 604,377</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>2014</u>	<u>2013</u>
Research related expenses	\$ 53,000	\$ 3,000
Education, patient forums, and publications	329,457	227,210
Total release of temporarily restricted net assets	<u>\$ 382,457</u>	<u>\$ 230,210</u>

NOTE 6 - CASH AND CASH EQUIVALENTS

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

	<u>2014</u>	<u>2013</u>
Checking account	\$ 241,228	\$ 75,011
Savings account	809,495	817,379
Total	<u>\$ 1,050,723</u>	<u>\$ 892,390</u>

CUTANEOUS LYMPHOMA FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

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 \$15,997 and \$14,115 during the year ending June 30, 2014 and 2013, 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 \$27,940 and \$26,271 during the year ended June 30, 2014 and 2013, respectively.

CUTANEOUS LYMPHOMA FOUNDATION, INC.  
SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE TOTALS FOR 2013

	2014				2013
	Program	Management and General	Fundraising	Total	Total
Research grant expense	\$ 53,000	\$ -	\$ -	\$ 53,000	\$ 3,000
Officer compensation	136,905	23,022	10,777	170,704	163,572
Other compensation	82,146	12,101	34,018	128,265	113,932
Payroll taxes and benefits	54,884	9,021	11,278	75,183	50,299
Payroll processing fees	3,426	563	704	4,693	4,431
Professional fees	46,174	6,719	-	52,893	26,640
Occupancy	13,626	2,555	851	17,032	15,150
Insurance	1,830	301	376	2,507	3,393
Supplies and office expense	2,640	722	252	3,614	2,978
Needs assessment	-	9,185	-	9,185	-
GRDR	-	1,600	-	1,600	-
Telephone expense	5,278	77	-	5,355	5,308
Postage and shipping	17,111	176	3,751	21,038	18,222
Printing	43,816	249	4,335	48,400	38,817
Conferences and forums	126,743	-	-	126,743	62,447
Travel	85,545	152	76	85,773	62,611
Board meetings	-	5,989	-	5,989	2,672
Dues and subscriptions	2,651	-	-	2,651	2,261
Computer services	13,128	10,025	716	23,869	20,572
Licenses and fees	-	-	3,097	3,097	2,482
Depreciation	670	126	42	838	837
Miscellaneous	-	170	-	170	1,880
TOTAL EXPENSES	<u>\$ 689,573</u>	<u>\$ 82,753</u>	<u>\$ 70,273</u>	<u>\$ 842,599</u>	<u>\$ 601,504</u>