

CUTANEOUS LYMPHOMA FOUNDATION, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cutaneous Lymphoma Foundation, Inc.

OPINION

We have audited the accompanying statement of financial position of Cutaneous Lymphoma Foundation, Inc. (a 501 (c)(3) Michigan nonprofit Corporation) as of June 30, 2021 and 2020, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cutaneous Lymphoma Foundation, Inc. as of June 30, 2021 and 2020, 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.

BASIS FOR OPINION

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cutaneous Lymphoma Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cutaneous Lymphoma Foundation Inc's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

-Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

-Obtain an understanding of internal control relevant to the audit 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 Cutaneous Lymphoma Foundation Inc's internal control.

-Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

-Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cutaneous Lymphoma Foundation Inc's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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

Southfield, Michigan

September 30, 2021

**CUTANEOUS LYMPHOMA FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 & 2020**

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,492,588	\$ 1,177,146
Promises to give	<u>0</u>	<u>5,000</u>
Total current assets	1,492,588	1,182,146
FIXED ASSETS		
Property and equipment	93,874	86,461
Less: Accumulated depreciation	<u>76,208</u>	<u>62,081</u>
TOTAL FIXED ASSETS	17,666	24,380
OTHER ASSETS		
Prepaid expenses	6,666	9,780
Security deposit	<u>1,386</u>	<u>1,386</u>
Total other assets	8,052	11,166
TOTAL ASSETS	<u>\$ 1,518,306</u>	<u>\$ 1,217,692</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 4,155	\$ 7,754
Accrued expenses	35,164	31,543
PPP loan	<u>0</u>	<u>80,400</u>
Total current liabilities	39,319	119,697
NET ASSETS		
Net assets without restrictions	720,432	383,790
Net assets with restrictions	<u>758,555</u>	<u>714,205</u>
Total net assets	1,478,987	1,097,995
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,518,306</u>	<u>\$ 1,217,692</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, 2021**

	Net assets without restrictions	Net assets with restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 212,485	\$ 706,723	\$ 919,208
Interest income	602	0	602
TOTAL SUPPORT AND REVENUE	213,087	706,723	919,810
NET ASSETS RELEASED FROM RESTRICTIONS	662,373	(662,373)	0
	875,460	44,350	919,810
FUNCTIONAL EXPENSES			
Program	565,042	0	565,042
Management and general	119,108	0	119,108
Fundraising	35,068	0	35,068
TOTAL FUNCTIONAL EXPENSES	719,218	0	719,218
CHANGE IN NET ASSETS FROM OPERATIONS	156,242	44,350	200,592
Other income	180,400	0	180,400
CHANGE IN NET ASSETS	336,642	44,350	380,992
NET ASSETS - beginning of year	383,790	714,205	1,097,995
NET ASSETS - end of year	\$ 720,432	\$ 758,555	\$ 1,478,987

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
SUPPORT AND REVENUE			
Contributions and grants	\$ 243,439	\$ 763,642	\$ 1,007,081
Interest income	2,176	0	2,176
TOTAL SUPPORT AND REVENUE	245,615	763,642	1,009,257
NET ASSETS RELEASED FROM RESTRICTIONS	646,184	(646,184)	0
	891,799	117,458	1,009,257
FUNCTIONAL EXPENSES			
Program	697,765	0	697,765
Management and general	121,977	0	121,977
Fundraising	59,985	0	59,985
TOTAL FUNCTIONAL EXPENSES	879,727	0	879,727
CHANGE IN NET ASSETS	12,072	117,458	129,530
NET ASSETS - beginning of year	371,718	596,747	968,465
NET ASSETS - end of year	\$ 383,790	\$ 714,205	\$ 1,097,995

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, 2021 & 2020**

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2021</u>	<u>2020</u>
Change in net assets from operations without restrictions	\$ 156,242	\$ 12,072
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	14,127	21,169
Other income	180,400	0
(Increase) / decrease in operating assets:		
Promises to give	5,000	105,274
Inventory	0	386
Prepaid expenses	3,114	(6,834)
Increase / (decrease) in operating liabilities:		
Accounts payable	(3,599)	(511)
Accrued expenses	3,621	(48,682)
NET CASH PROVIDED BY OPERATING ACTIVITIES	358,905	82,874
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed asset purchases	(7,413)	(19,086)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(7,413)	(19,086)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase / (decrease) in PPP loan	(80,400)	80,400
Increase / (decrease) in restricted funds	44,350	117,458
NET CASH PROVIDED BY FINANCING ACTIVITIES	(36,050)	197,858
NET INCREASE IN CASH AND CASH EQUIVALENTS	315,442	261,646
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,177,146	915,500
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 1,492,588	\$ 1,177,146

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, 2021
WITH COMPARATIVE TOTALS FOR 2020**

	2021			2020	
	Program	Management and General	Fundraising	Total	Total
Research grant expense	\$ 50,000	\$ 0	\$ 0	\$ 50,000	\$ 153,202
Officer compensation	166,722	20,293	15,913	202,928	196,647
Other compensation	99,420	54,780	0	154,200	181,294
Payroll taxes and benefits	54,785	13,662	6,299	74,746	72,694
Payroll processing fees	4,324	781	901	6,006	7,093
Professional fees	45,591	8,393	143	54,127	53,714
Occupancy	14,570	2,732	911	18,213	20,154
Insurance	2,327	3,248	485	6,060	4,328
Supplies and office expense	310	1,442	50	1,802	5,155
Telephone expense	5,280	990	330	6,600	9,558
Postage and shipping	12,774	549	1,481	14,804	20,238
Printing	28,670	1,593	1,593	31,856	33,843
Conferences and forums	34,050	2,648	1,136	37,834	42,610
Travel	933	110	58	1,101	35,183
Dues and subscriptions	2,777	995	0	3,772	4,215
Computer services	28,382	6,826	1,750	36,958	14,983
Licenses and fees	0	66	4,018	4,084	3,647
Depreciation	14,127	0	0	14,127	21,169
TOTAL EXPENSES	\$ 565,042	\$ 119,108	\$ 35,068	\$ 719,218	\$ 879,727

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, 2021 AND 2020

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 no promises to give recorded on the financial statements for the current fiscal year end of June 30, 2021.

CUTANEOUS LYMPHOMA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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, 2021 AND 2020

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.

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, 2021, 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, 2021 by \$648,264. 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 eight organizations amounted to 63% of total support and revenue for the year ended June 30, 2021. 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, 2021 & 2020

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 3,865	\$ 3,865
Website	90,009	82,596
Total property and equipment	93,874	86,461
Less: accumulated depreciation	76,208	62,081
Total net property and equipment	<u>\$ 17,666</u>	<u>\$ 24,380</u>

NOTE 5 - NET ASSETS WITH RESTRICTIONS

Net assets with restrictions consisted of the following:

	<u>2021</u>	<u>2020</u>
Education, patient forums, and publications	\$ 415,448	\$ 366,346
Research	343,107	347,859
Total net assets with restrictions	<u>\$ 758,555</u>	<u>\$ 714,205</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>2021</u>	<u>2020</u>
Research related expenses	\$ 50,000	\$ 154,500
Education, patient forums, and publications	612,373	491,684
Total release of net assets with restrictions	<u>\$ 662,373</u>	<u>\$ 646,184</u>

NOTE 6 - CASH AND CASH EQUIVALENTS

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

	<u>2021</u>	<u>2020</u>
Checking account	\$ 570,006	\$ 255,167
Savings account	922,582	921,979
Total	<u>\$ 1,492,588</u>	<u>\$ 1,177,146</u>

CUTANEOUS LYMPHOMA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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, 2021 and 2020, respectively.

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

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 \$35,568 and \$37,755 during the year ended June 30, 2021 and 2020, respectively.

NOTE 9 - OTHER INCOME

The PPP monies were forgiven in February 2021 when the foundation met all of the requirements and subsequently were reclassified from a liability to revenue for the fiscal year ended June 30, 2021. The foundation was also the recipient of two unexpected \$50,000 bequests. These bequests, along with the PPP monies, amounted to a total of \$180,400 of additional revenue.