

# LUNG CANCER FOUNDATION OF AMERICA

## FINANCIAL STATEMENTS

December 31, 2014 and 2013

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Lung Cancer Foundation of America

We have audited the accompanying financial statements of Lung Cancer Foundation of America, which comprise the statement of financial position as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets, 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. 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 the 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 Lung Cancer Foundation of America as of December 31, 2014 and 2013, and the change 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.



Long Beach, California  
March 25, 2015

**LUNG CANCER FOUNDATION OF AMERICA**

**STATEMENT OF FINANCIAL POSITION**

**ASSETS**

	<b>December 31,</b>	
	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Cash	\$ 334,997	\$ 216,960
Certificate of deposit	30,476	30,472
Investments	363	386
Pledges receivable		1,795
<b>TOTAL ASSETS</b>	<b><u>\$ 365,836</u></b>	<b><u>\$ 249,613</u></b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable	\$ <u>9,202</u>	\$ <u>10,460</u>
<b>NET ASSETS</b>		
Unrestricted	296,634	199,153
Temporarily restricted	<u>60,000</u>	<u>40,000</u>
	<u>356,634</u>	<u>239,153</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 365,836</u></b>	<b><u>\$ 249,613</u></b>

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

**LUNG CANCER FOUNDATION OF AMERICA**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

	<b>For the Year Ended December 31,</b>	
	<u><b>2014</b></u>	<u><b>2013</b></u>
<b>UNRESTRICTED NET ASSETS</b>		
<b>REVENUE AND SUPPORT</b>		
Contributions	\$ 181,958	\$ 160,632
Special events, net of direct expenses of \$10,782 - 2014 and \$43,086 - 2013	50,171	88,940
Interest and investment income	84	276
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>40,000</u>	<u>25,000</u>
Total revenue and support	<u>272,213</u>	<u>274,848</u>
<b>EXPENSES</b>		
Program services:		
Research grants		100,000
Education, advocacy, and research	<u>71,975</u>	<u>142,502</u>
Total program services	<u>71,975</u>	<u>242,502</u>
Supporting services:		
General and administrative	43,177	72,132
Fund-raising	<u>59,580</u>	<u>72,764</u>
Total supporting services	<u>102,757</u>	<u>144,896</u>
Total expenses	<u>174,732</u>	<u>387,398</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<u>97,481</u>	<u>( 112,550)</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
<b>REVENUE AND SUPPORT</b>		
Contributions	60,000	40,000
Net assets released from restrictions		
Restrictions satisfied by payments	<u>( 40,000)</u>	<u>( 25,000)</u>
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>20,000</u>	<u>15,000</u>
<b>CHANGE IN NET ASSETS</b>	117,481	( 97,550)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>239,153</u>	<u>336,703</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 356,634</u>	<u>\$ 239,153</u>

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

**LUNG CANCER FOUNDATION OF AMERICA**

**STATEMENT OF CASH FLOWS**

	<b>For the Year Ended December 31,</b>	
	<u><b>2014</b></u>	<u><b>2013</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 117,481	(\$ 97,550)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Unrealized (gain) loss on investments	23	( 150)
Change in operating assets and liabilities:		
Pledges receivable	1,795	( 1,785)
Accounts payable	( 1,258)	5,460
Grants payable	_____	( 100,000)
Net Cash Provided By (Used In) Operating Activities	<u>118,041</u>	<u>( 194,025)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from certificate of deposit	30,472	30,000
Purchase of certificate of deposit	( 30,476)	( 30,428)
Net Cash Used In Investing Activities	<u>( 4)</u>	<u>( 428)</u>
<b>NET CHANGE IN CASH</b>	118,037	( 194,453)
<b>CASH AT BEGINNING OF YEAR</b>	<u>216,960</u>	<u>411,413</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 334,997</u>	<u>\$ 216,960</u>

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

# LUNG CANCER FOUNDATION OF AMERICA

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2014 AND 2013

### NOTE 1 – Nature of Business

Lung Cancer Foundation of America (the Foundation) was established in 2007 as a Minnesota nonprofit corporation. The purpose of the Foundation is to dramatically improve the survivorship of lung cancer patients through the funding of transformative science, with the ultimate goal of curing the disease. To accomplish this, the Foundation works to raise *both the funds and the national profile of lung cancer* in order to substantially increase support of innovative and groundbreaking research efforts.

### NOTE 2 – Summary of Significant Accounting Policies

#### *Financial Statement Presentation*

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Accordingly, the net assets of the Foundation are classified and reported as described below:

**Unrestricted Net Assets** – Net assets that are not subject to donor-imposed restrictions.

**Temporarily Restricted Net Assets** – Net assets subject to donor-imposed restrictions that may or will be met either by actions of the Foundation and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions.

**Permanently Restricted Net Assets** – Net assets subject to donor-imposed restrictions that the corpus be invested in perpetuity and only the investment income be made available for operations in accordance with donor restrictions.

As of December 31, 2014 and 2013, the Foundation had no permanently restricted net assets.

# LUNG CANCER FOUNDATION OF AMERICA

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2014 AND 2013

### NOTE 2 – Summary of Significant Accounting Policies (Continued)

#### *Use of Estimates and Assumptions*

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

#### *Certificate of Deposit*

The Foundation holds a certificate of deposit with an original maturity of less than one year. This instrument is reported at cost, which approximates fair value due to its short-term nature.

#### *Investments*

Investment securities are reported at their fair value based on quoted prices in active markets.

#### *Revenue and Support*

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions. Contributions are recognized as support in the period received or pledged. When a donor restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the contribution as unrestricted.

Special event revenue is recognized in the period earned.

## LUNG CANCER FOUNDATION OF AMERICA

### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2014 AND 2013

#### NOTE 2 – Summary of Significant Accounting Policies (Continued)

##### *Donated Goods and Services*

A substantial number of volunteers make significant contributions of their time in the furtherance of the Foundation's purpose. For those services that do not require special expertise, the estimated value of such donated services has not been recorded in the financial statements. In-kind donations and services for which fair value can be validated and requiring specific expertise have been reflected in the financial statements at their estimated fair value. For the years ended December 31, 2014 and 2013, the Foundation received approximately \$9,000 and \$27,000 in donated goods and services, respectively, which are reported within contributions. During the year ended December 31, 2013, the Foundation also reported \$31,000 of donated goods and services within special event revenues.

##### *Income Taxes*

The Foundation has received tax-exempt status from the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code.

The Foundation recognizes the financial statement benefit of tax positions, such as its position of being tax exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Foundation is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and state purposes is generally three and four years, respectively.

##### *Subsequent Events*

The Foundation's management has evaluated subsequent events and transactions for potential recognition or disclosure through March 25, 2015, the date the financial statements were available to be issued.

#### NOTE 3 – Temporarily Restricted Net Assets

Temporarily restricted net assets, totaling \$60,000 and \$40,000 at December 31, 2014 and 2013, respectively, consists of contributions received and restricted by donors for lung cancer awareness, patient education and outreach.