

**LUNG CANCER FOUNDATION OF AMERICA**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**



**WINDES & MCCLAUGHRY  
ACCOUNTANCY CORPORATION**  
*Certified Public Accountants & Consultants*

EXCEEDING EXPECTATIONS SINCE 1926

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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 statements of financial position as of December 31, 2012 and 2011, 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, 2012 and 2011, 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 24, 2013

**LUNG CANCER FOUNDATION OF AMERICA**  
**STATEMENT OF FINANCIAL POSITION**

**ASSETS**

	<b>December 31,</b>	
	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>		
Cash	\$ 411,413	\$ 272,161
Certificate of deposit	30,000	30,000
Investments	280	6,314
Other assets	10	740
<b>TOTAL ASSETS</b>	<b>\$ 441,703</b>	<b>\$ 309,215</b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable	\$ 5,000	\$ 6,478
Grant payable	100,000	
	105,000	6,478
<b>COMMITMENTS (Note 3)</b>		
<b>NET ASSETS</b>		
Unrestricted	311,703	302,737
Temporarily restricted	25,000	
	336,703	302,737
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 441,703</b>	<b>\$ 309,215</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>2012</b></u>	<u><b>2011</b></u>
<b>CHANGE IN UNRESTRICTED NET ASSETS:</b>		
<b>REVENUE AND SUPPORT</b>		
Contributions	\$ 118,795	\$ 159,385
Special events, net of direct expenses of \$9,666 - 2012 and \$6,949 - 2011	116,804	119,475
Investment income	<u>3,426</u>	<u>1,606</u>
Total revenue and support	<u>239,025</u>	<u>280,466</u>
<b>EXPENSES</b>		
Program services:		
Research grants	100,000	105,000
Education and advocacy	<u>32,189</u>	<u>11,137</u>
Total program services	<u>132,189</u>	<u>116,137</u>
Supporting services:		
General and administrative	36,497	72,693
Fund-raising	<u>61,373</u>	<u>41,726</u>
Total supporting services	<u>97,870</u>	<u>114,419</u>
Total expenses	<u>230,059</u>	<u>230,556</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<u>8,966</u>	<u>49,910</u>
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS:</b>		
<b>REVENUE AND SUPPORT</b>		
Contributions	<u>25,000</u>	
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>25,000</u>	
<b>CHANGE IN NET ASSETS</b>	33,966	49,910
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>302,737</u>	<u>252,827</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 336,703</u>	<u>\$ 302,737</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</b>	
	<b>December 31,</b>	
	<u><b>2012</b></u>	<u><b>2011</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 33,966	\$ 49,910
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized gain on investments	( 31)	( 1,281)
Realized gain on investments	( 3,162)	
Change in other assets	730	( 740)
Change in accounts payable	( 1,478)	6,478
Change in grants payable	100,000	
Net Cash Provided By Operating Activities	<u>130,025</u>	<u>54,367</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from certificate of deposit	30,000	30,000
Purchase of certificate of deposit	( 30,000)	( 30,000)
Proceeds from sale of investments	9,227	
Net Cash Provided By Investing Activities	<u>9,227</u>	<u>None</u>
<b>NET CHANGE IN CASH</b>	139,252	54,367
<b>CASH AT BEGINNING OF YEAR</b>	<u>272,161</u>	<u>217,794</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 411,413</u>	<u>\$ 272,161</u>

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

# LUNG CANCER FOUNDATION OF AMERICA

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

### **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 save lives by improving the survival rate of lung cancer by raising money from the private sector and channeling those funds to lung cancer researchers, so that researchers find effective ways to predict, detect, and treat lung cancer.

### **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. As of December 31, 2012 and 2011, the Foundation had no permanently restricted net assets.

#### *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.

**LUNG CANCER FOUNDATION OF AMERICA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

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

***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.

Special event revenue, and interest and dividend income are recognized in the period earned.

***Noncash Contributions***

A substantial number of volunteers make significant contributions of their time in the furtherance of the Foundation's purpose. The value of this contributed time is not reflected in the accompanying financial statements as they do not meet the recognition criteria for contributed services.

***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 24, 2013, the date the financial statements were available to be issued.

**LUNG CANCER FOUNDATION OF AMERICA**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**NOTE 3 – Grant Payable**

One grant award for research totaling \$100,000 was authorized by the Foundation and unpaid as of December 31, 2012. This obligation is recorded as a grant payable on the accompanying statement of financial position.

The Foundation has committed to funding a second grant award of \$100,000 subject to certain performance contingencies being met by the recipient. This grant will be recognized in the financial statements in the period when the contingencies are met.

**NOTE 4 – Temporarily Restricted Net Assets**

Temporarily restricted net assets, totaling \$25,000 at December 31, 2012, consists of contributions received and restricted by donors for meeting support and patient education and outreach.