

LUNG CANCER FOUNDATION OF AMERICA

FINANCIAL STATEMENTS

December 31, 2015 and 2014

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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, 2015 and 2014, 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 from 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, 2015 and 2014, 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.



Long Beach, California
June 14, 2016

LUNG CANCER FOUNDATION OF AMERICA

STATEMENT OF FINANCIAL POSITION

ASSETS

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash	\$ 667,004	\$ 335,360
Certificate of deposit	<u>30,479</u>	<u>30,476</u>
TOTAL ASSETS	<u>\$ 697,483</u>	<u>\$ 365,836</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	<u>\$ 7,472</u>	<u>\$ 9,202</u>
NET ASSETS		
Unrestricted	565,011	296,634
Temporarily restricted	<u>125,000</u>	<u>60,000</u>
	<u>690,011</u>	<u>356,634</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 697,483</u>	<u>\$ 365,836</u>

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

LUNG CANCER FOUNDATION OF AMERICA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

	For the Year Ended December 31,	
	2015	2014
UNRESTRICTED NET ASSETS		
REVENUE AND SUPPORT		
Contributions	\$ 389,837	\$ 181,958
Special events, net of direct expenses of \$65,756 - 2015 and \$10,782 - 2014	150,666	50,171
Interest and investment income	86	84
Net assets released from restrictions:		
Restrictions satisfied by payments	60,000	40,000
Total revenue and support	600,589	272,213
EXPENSES		
Program services:		
Education, advocacy, and research	199,074	71,975
Total program services	199,074	71,975
Supporting services:		
General and administrative	76,779	43,177
Fund-raising	56,359	59,580
Total supporting services	133,138	102,757
Total expenses	332,212	174,732
CHANGE IN UNRESTRICTED NET ASSETS	268,377	97,481
TEMPORARILY RESTRICTED NET ASSETS		
REVENUE AND SUPPORT		
Contributions	125,000	60,000
Net assets released from restrictions		
Restrictions satisfied by payments	(60,000)	(40,000)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	65,000	20,000
CHANGE IN NET ASSETS	333,377	117,481
NET ASSETS AT BEGINNING OF YEAR	356,634	239,153
NET ASSETS AT END OF YEAR	\$ 690,011	\$ 356,634

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

LUNG CANCER FOUNDATION OF AMERICA

STATEMENT OF CASH FLOWS

	For the Year Ended	
	December 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 333,377	\$ 117,481
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized (gain) loss on investments	(3)	23
Change in operating assets and liabilities:		
Pledges receivable	-	1,795
Accounts payable	(1,730)	(1,258)
Net Cash Provided By Operating Activities	<u>331,644</u>	<u>118,041</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from certificate of deposit	-	30,472
Purchase of certificate of deposit	-	(30,476)
Net Cash Used In Investing Activities	<u>-</u>	<u>(4)</u>
NET CHANGE IN CASH	331,644	118,037
CASH AT BEGINNING OF YEAR	<u>335,360</u>	<u>217,323</u>
CASH AT END OF YEAR	<u>\$ 667,004</u>	<u>\$ 335,360</u>

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

LUNG CANCER FOUNDATION OF AMERICA

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

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, 2015 and 2014, 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.

LUNG CANCER FOUNDATION OF AMERICA

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Certificate of Deposit

The Foundation holds a certificate of deposit with an original maturity of less than one year, with these instruments being reported in the accompanying statement of financial position at fair value.

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.

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, 2015 and 2014, the Foundation received approximately \$2,300 and \$9,000 in donated goods and services, respectively, which are reported within contributions. During the year ended December 31, 2015 and 2014, the Foundation also reported \$24,000 and \$31,000, respectively, of donated goods and services within special event revenues.

LUNG CANCER FOUNDATION OF AMERICA

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

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.

Reclassification

Certain items in the 2014 financial statements have been re-classified to conform to the 2015 presentation. There was no impact to the 2014 change in net assets as a result of these changes.

NOTE 3 – Temporarily Restricted Net Assets

Temporarily restricted net assets, totaling \$125,000 and \$60,000 at December 31, 2015 and 2014, respectively, consists of contributions received and restricted by donors for lung cancer awareness, patient education and outreach.

NOTE 4 – Subsequent Events

In February 2016, the Board of Directors approved the awarding of two lung cancer research grants. Both grants call for the awarding of \$100,000 each (\$200,000 total) in the first year of the award with an option (at the discretion of the Foundation) for the awarding of \$100,000 each in the second year of the grant.

The Foundation's management has evaluated subsequent events and transactions for potential recognition or disclosure through June 14, 2016, the date the financial statements were available to be issued.