



**THE LEUKEMIA & LYMPHOMA SOCIETY, INC.**

Consolidated Financial Statements

June 30, 2009

(With Independent Auditors' Report Thereon)



KPMG LLP  
345 Park Avenue  
New York, NY 10154

## Independent Auditors' Report

The Board of Directors  
The Leukemia & Lymphoma Society, Inc.:

We have audited the accompanying consolidated statement of financial position of The Leukemia & Lymphoma Society, Inc. (the Society) as of June 30, 2009, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the Society's 2008 consolidated financial statements and, in our report dated October 20, 2008, we expressed an unqualified opinion on those statements.

We conducted our audit 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Leukemia & Lymphoma Society, Inc. as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

**KPMG LLP**

September 15, 2009

**The Leukemia & Lymphoma Society, Inc.**

**Consolidated Statement of Financial Position**  
**June 30, 2009**  
**(with comparative amounts at June 30, 2008)**  
**(in thousands)**

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 28,196	\$ 36,180
Prepaid expenses and other assets	4,314	4,807
Accounts receivable	75	1,360
Legacies and contributions receivable (note 2)	22,752	7,167
Investments (note 3)	161,623	162,978
Fixed assets, less accumulated depreciation and amortization of \$12,544 and \$12,069	<u>4,616</u>	<u>5,148</u>
Total assets	<u>\$ 221,576</u>	<u>\$ 217,640</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 14,682	\$ 20,700
Deferred revenue	15,479	17,174
Grants payable (notes 4 and 5)	<u>85,768</u>	<u>81,670</u>
Total liabilities	<u>115,929</u>	<u>119,544</u>
Net assets (note 9):		
Unrestricted	78,551	83,085
Temporarily restricted	23,596	11,932
Permanently restricted	<u>3,500</u>	<u>3,079</u>
Total net assets	<u>105,647</u>	<u>98,096</u>
Total liabilities and net assets	<u>\$ 221,576</u>	<u>\$ 217,640</u>

*See accompanying notes to consolidated financial statements.*

The Leukemia & Lymphoma Society, Inc.

Consolidated Statement of Activities  
Year ended June 30, 2009  
(with summarized totals for the year ended June 30, 2008)  
(in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2009	2008
<b>Revenue</b>					
Campaign contributions	\$ 260,876	\$ 30,526	\$ 119	\$ 291,521	\$ 304,380
Less direct donor benefit costs	(39,077)	-	-	(39,077)	(42,541)
Net campaign contributions	221,799	30,526	119	252,444	261,839
Legacies	9,198	17,261	-	26,459	6,137
Donated services (note 1)	6,829	-	-	6,829	5,740
Net interest and dividend income (note 3)	6,375	83	9	6,467	7,204
Net (decrease) increase in fair value of investments	(7,159)	(161)	5	(7,315)	(4,839)
Grant refunds	2,768	-	-	2,768	966
Redesignation of net assets	(288)	-	288	-	-
Net assets released from restrictions	36,045	(36,045)	-	-	-
Total revenue	275,567	11,664	421	287,652	277,047
<b>Expenses (note 10)</b>					
<i>Program Services:</i>					
Research	69,786	-	-	69,786	76,979
Patient and community service	93,448	-	-	93,448	77,686
Public health education	41,331	-	-	41,331	42,094
Professional education	8,497	-	-	8,497	8,433
Total program services	213,062	-	-	213,062	205,192
<i>Supporting Services:</i>					
Management and general	23,259	-	-	23,259	24,942
Fund raising	43,132	-	-	43,132	46,052
Total supporting services	66,391	-	-	66,391	70,994
Total expenses	279,453	-	-	279,453	276,186
Change in net assets before foreign currency translation adjustment	(3,886)	11,664	421	8,199	861
Foreign currency translation adjustment	(648)	-	-	(648)	37
Change in net assets	(4,534)	11,664	421	7,551	898
<b>Net Assets</b>					
Beginning of year	83,085	11,932	3,079	98,096	97,198
End of year	\$ 78,551	\$ 23,596	\$ 3,500	\$ 105,647	\$ 98,096

See accompanying notes to consolidated financial statements.

The Leukemia & Lymphoma Society, Inc.

Consolidated Statement of Functional Expenses  
Year ended June 30, 2009  
(with comparative totals for the year ended June 30, 2008)  
(in thousands)

	Program Services					Supporting Services				Total		Direct donor benefit costs	
	Research	Patient and community service	Public health education	Professional education	Total	Management and general	Fund raising	Total	2009	2008	2009	2008	
Awards and grants	\$ 63,542	\$ -	\$ -	\$ -	\$ 63,542	\$ -	\$ -	\$ -	\$ 63,542	\$ 69,134	\$ -	\$ -	
Therapy acceleration program (note 6)	2,294	-	-	-	2,294	-	-	-	2,294	3,941	-	-	
Financial aid to patients	-	7,437	-	-	7,437	-	-	-	7,437	6,545	-	-	
Co-pay assistance (note 5)	-	19,211	-	-	19,211	-	-	-	19,211	4,560	-	-	
Donated services	856	5,973	-	-	6,829	-	-	-	6,829	5,740	-	-	
Salaries	1,649	31,118	16,449	4,510	53,726	7,983	9,897	17,880	71,606	70,363	-	-	
Employee benefits and taxes (note 7)	222	7,840	4,856	1,299	14,217	2,199	3,376	5,575	19,792	18,020	-	-	
Occupancy (note 8)	36	3,546	2,385	658	6,625	1,082	1,465	2,547	9,172	8,727	-	-	
Insurance	10	230	162	34	436	66	130	196	632	768	-	-	
Telephone	38	2,421	1,075	191	3,725	346	1,140	1,486	5,211	5,715	-	-	
Travel	56	883	571	160	1,670	296	339	635	2,305	3,178	13,054	15,183	
Printing and supplies	172	2,672	5,641	345	8,830	3,722	9,260	12,982	21,812	24,308	5,781	6,201	
Equipment rentals and maintenance	19	841	566	147	1,573	251	397	648	2,221	2,355	-	-	
Postage and shipping	71	1,224	3,522	146	4,963	2,020	6,552	8,572	13,535	15,267	-	-	
Meetings	485	1,877	814	235	3,411	395	467	862	4,273	6,003	9,127	8,914	
Professional fees	304	6,540	4,240	487	11,571	4,171	9,359	13,530	25,101	28,491	3,776	5,280	
Miscellaneous	8	996	622	185	1,811	548	404	952	2,763	1,246	7,339	6,963	
Depreciation and amortization	24	639	428	100	1,191	180	346	526	1,717	1,825	-	-	
Total expenses	\$ 69,786	\$ 93,448	\$ 41,331	\$ 8,497	\$ 213,062	\$ 23,259	\$ 43,132	\$ 66,391	\$ 279,453	\$ 276,186	\$ 39,077	\$ 42,541	

See accompanying notes to consolidated financial statements.

**The Leukemia & Lymphoma Society, Inc.**

**Consolidated Statement of Cash Flows**  
**Year ended June 30, 2009**  
**(with comparative amounts for the year ended June 30, 2008)**  
**(in thousands)**

	<b>2009</b>	<b>2008</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 7,551	\$ 898
Adjustments to reconcile the change in net assets to net cash (used in) provided by operating activities:		
Net decrease in fair value of investments	7,315	4,839
Permanently restricted revenue collected	(119)	(142)
Depreciation and amortization	1,717	1,825
Changes in operating assets and liabilities:		
Accounts receivable	1,285	326
Legacies and contributions receivable	(15,585)	(2,846)
Prepaid expenses	493	(96)
Accounts payable and accrued expenses	(6,018)	1,540
Deferred revenue	(1,695)	1,916
Grants payable	4,098	4,425
<b>Net cash (used in) provided by operating activities</b>	<b>(958)</b>	<b>12,685</b>
<b>Cash flows from investing activities:</b>		
Purchases of fixed assets	(1,185)	(2,317)
Purchases of investments	(186,225)	(200,376)
Sales of investments	180,265	178,276
<b>Net cash used in investing activities</b>	<b>(7,145)</b>	<b>(24,417)</b>
<b>Cash flows from financing activities:</b>		
Permanently restricted contributions collected	119	142
<b>Net cash provided by financing activities</b>	<b>119</b>	<b>142</b>
Net decrease in cash and cash equivalents	(7,984)	(11,590)
Cash and cash equivalents at beginning of year	36,180	47,770
<b>Cash and cash equivalents at end of year</b>	<b>\$ 28,196</b>	<b>\$ 36,180</b>

*See accompanying notes to consolidated financial statements.*

# **The Leukemia & Lymphoma Society, Inc.**

## **Notes to Consolidated Financial Statements**

**June 30, 2009**

**(with comparative amounts as of and for the year ended June 30, 2008)**

### **1. Organization and Significant Accounting Policies**

#### **Organization**

The Leukemia & Lymphoma Society, Inc. (the “Society”) is an international not-for-profit health agency dedicated to seeking the cause and cure of leukemia, lymphoma, Hodgkin’s disease, and myeloma and improving the quality of life of patients and their families. The Society’s principal activities include: awarding research grants; facilitating psychosocial support groups; providing financial aid to patients; answering phone requests for blood cancer information made to the Society’s Information Resource Center; and disseminating educational information about blood cancers in the form of publications, internet sites, conference calls, and symposia sponsorship for both the medical community and the general public.

#### **Tax-Exempt Status**

The Society qualifies as a charitable organization as defined by Internal Revenue Code Section 501(c)(3) and, accordingly, is exempt from federal income taxes under Internal Revenue Code Section 501(a). Additionally, since the Society is publicly-supported, contributions to the Society qualify for the maximum charitable contribution deduction under the Internal Revenue Code.

The Leukemia & Lymphoma Society of Canada, Inc. (LLSC) is registered as a charitable organization under the Income Tax Act (Canada) and is therefore not subject to income taxes if certain disbursement requirements are met.

#### **Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of the Society, which encompasses the Home Office of the Society and its sixty chapters in the United States, LLSC and the Society’s not-for-profit affiliates, The Leukemia & Lymphoma Society Research Programs, Inc. and The Leukemia & Lymphoma Society Research Foundation. All significant inter-company and intra-Society accounts and transactions have been eliminated in consolidation.

#### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Society’s management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### **Risks and Uncertainties**

The Society invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

# **The Leukemia & Lymphoma Society, Inc.**

## **Notes to Consolidated Financial Statements**

**June 30, 2009**

**(with comparative amounts as of and for the year ended June 30, 2008)**

### **1. Continued**

#### **Summarized Financial Information**

The consolidated financial statements are presented with 2008 summarized or comparative information. With respect to the consolidated statement of activities, such prior year information is not presented by net asset class and, in the consolidated statement of functional expenses, 2008 expenses by object are presented in total rather than by functional category. Accordingly, such information should be read in conjunction with the Society's 2008 consolidated financial statements from which the summarized information was derived. Certain reclassifications have been made to the 2008 comparative information to conform to the current year presentation.

#### **Subsequent Events**

The Society evaluated subsequent events after the statement of position date of June 30, 2009 through September 15, 2009, which was the date the financial statements were issued, and concluded that no additional disclosures are required.

#### **Net Asset Classifications**

To ensure observance of limitations and restrictions placed on the use of resources available to the Society, funds that have similar characteristics have been classified into three net asset categories as follows:

*Unrestricted net assets:* Consist of funds that are fully available, at the discretion of the Society's Board of Directors, for the Society to utilize in any of its programs or supporting services.

*Temporarily restricted net assets:* Consist of funds that are restricted by donors for a specific time period or purpose.

*Permanently restricted net assets:* Consist of funds that contain donor-imposed restrictions requiring that the principal be invested in perpetuity and that only the income be used. Income earned on these funds may be unrestricted or temporarily restricted, depending upon the donor-imposed restrictions.

#### **Foreign Currency Transactions and Translation**

The consolidated financial statements are prepared in accordance with SFAS No. 52, *Foreign Currency Translation*. The Canadian operation uses the Canadian dollar as the functional currency. Accordingly, the currency impact of the translation of the statement of financial position of the Canadian operation to U.S. dollars is included as a translation adjustment in the consolidated statement of activities.



# The Leukemia & Lymphoma Society, Inc.

## Notes to Consolidated Financial Statements

June 30, 2009

(with comparative amounts as of and for the year ended June 30, 2008)

### 1. Continued

#### Fair Value Measurements

Effective July 1, 2008, the Society adopted SFAS No. 157, *Fair Value Measurements*. SFAS No. 157 defines fair value and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under SFAS No. 157 are as follows:

- Level 1        Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Society has the ability to access at the measurement date
- Level 2        Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active
- Level 3        Inputs that are unobservable

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Effective June 30, 2009, the Society elected to apply the concepts of proposed FASB Staff Position (FSP) No. 157-g (FSP 157-g), *Estimating the Fair Value of Investments in Investment Companies That Have Calculated Net Asset Value per Share in Accordance with the AICPA Audit and Accounting Guide, Investment Companies*. As a practical expedient, FSP 157-g permits an investor to estimate the fair value of an investment within the scope of FSP 157-g using the net asset value of the fund without future adjustment.

#### Contributions and Deferred Revenue

Contributions are recorded as revenue, at their fair value, when received or promised unconditionally. Contributions received with donor restrictions that limit their use are reported as either temporarily or permanently restricted revenue. When a donor restriction is met through the passage of time or fulfillment of a purpose restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. Conditional contributions are recognized as revenue when the conditions have been substantially met.

Deferred revenue includes amounts received for special events that will be held subsequent to the fiscal year-end.

# **The Leukemia & Lymphoma Society, Inc.**

## **Notes to Consolidated Financial Statements**

**June 30, 2009**

**(with comparative amounts as of and for the year ended June 30, 2008)**

### **1. Continued**

#### **Donated Services**

The Society has determined that certain of the donated services it receives meet the criteria for recognition in the financial statements. Specifically, the donated services of family support group facilitators and research grant reviewers in the amount of \$6,829,000 have been valued and are reported as both revenue and expense.

#### **Cash Equivalents**

Cash equivalents consist of short-term investments with an original maturity of three months or less from date of purchase, except for amounts held for long-term purposes reported as investments.

#### **Investments**

Investments are stated at fair value based upon quoted market prices, except for the fair values of institutional mutual funds and limited partnerships, which are based on net asset values provided by the fund managers and general partners, respectively, based upon the underlying net assets of the funds consistent with the concepts of proposed FSP 157-g. These values are reviewed and evaluated by management. Investments in limited partnerships are generally less liquid than other investments and the reported fair value may differ from the values that would have been reported had a ready market for these securities existed.

#### **Fixed Assets and Depreciation**

Fixed assets, which consist principally of equipment, software, and leasehold improvements, are recorded at cost, if purchased, or at fair value at date of donation, if contributed, and are depreciated or amortized using the straight-line method over the estimated useful lives of the assets or the terms of the leases, if shorter.

#### **Recent Accounting Standards**

In June 2006, the FASB issued Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes*. In February 2008, the FASB released FSP FIN 48-2, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*. The Society has determined that it meets the criteria for deferral and has elected to defer the adoption of FIN 48 until after December 15, 2009. Management believes the adoption of FIN 48 will not have a material impact on the Society's consolidated financial statements.

# The Leukemia & Lymphoma Society, Inc.

## Notes to Consolidated Financial Statements

**June 30, 2009**

**(with comparative amounts as of and for the year ended June 30, 2008)**

### 1. Continued

Effective June 30, 2009, the Society adopted the disclosure requirements of FSP FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* in note 9 of the consolidated financial statements. This FSP also provides guidance on classifying the net assets associated with donor restricted endowment funds held by organizations that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). New York State has not yet adopted UPMIFA and, accordingly, the Society continues to follow the Uniform Management of Institutional Funds Act (UMIFA).

### 2. Legacies and Contributions Receivable

The Society's legacies and contributions receivable at June 30, 2009 and 2008 consist of unconditional promises to give and legacies for which the underlying wills have been declared valid by the probate court and no other conditions are required to be met. Amounts are scheduled to be received as follows (in thousands):

	<b>2009</b>	<b>2008</b>
Less than one year	\$21,154	\$ 4,886
1 to 5 years	1,630	2,118
After 5 years	163	445
	22,947	7,449
Less discount to present value	(195)	(282)
Total	<u>\$22,752</u>	<u>\$ 7,167</u>

At June 30, 2009, approximately 60% of the Society's legacies and contributions receivable was from one estate.

### 3. Investments

The following is a summary of investments at June 30, 2009 and 2008 (in thousands):

	<b>2009</b>		<b>2008</b>	
	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>
Money market funds	\$ 1,514	\$ 1,514	\$ 939	\$ 939
Corporate notes and bonds	62,628	65,884	67,425	67,156
Common stocks and mutual funds	29,411	25,184	33,057	33,301
Government obligations	49,788	50,738	40,532	41,199
Other	25,310	18,303	22,130	20,383
Total	<u>\$168,651</u>	<u>\$161,623</u>	<u>\$164,083</u>	<u>\$162,978</u>

# The Leukemia & Lymphoma Society, Inc.

## Notes to Consolidated Financial Statements

June 30, 2009

(with comparative amounts as of and for the year ended June 30, 2008)

### 3. Continued

Other investments at June 30, 2009 and 2008 consist principally of limited partnerships, the underlying holdings of which are principally marketable securities. Investment expenses of \$568,000 and \$416,000 have been netted against interest and dividend income for the years ended June 30, 2009 and 2008, respectively. The unrealized losses were \$5,923,000 and \$8,869,000 for the years ended June 30, 2009 and 2008, respectively.

All investments at June 30, 2009 are comprised of Level 1 assets except for \$16,303,000 of other investments which are Level 3 assets.

The following table presents a reconciliation for all Level 3 assets measured at fair value as of June 30, 2009 (in thousands).

	<u>Level 3 Assets</u>
Balance at July 1, 2008	\$19,334
Purchases	2,000
Investment expense	(103)
Investment income	332
Net decrease in fair value of investments	<u>(5,260)</u>
Balance at June 30, 2009	<u><u>\$16,303</u></u>

### 4. Awards and Grants

Awards and grants for research are recognized as expense in the year approved by the Society's Board of Directors. Multi-year grants, which are generally two to five years in length, are approved on an annual basis and may be terminated at the discretion of the Society's Board of Directors. In addition to unconditional grants payable of \$85,768,000 at June 30, 2009, the Society has grant commitments of \$74,730,000 that are conditioned upon future events and, accordingly, are not recorded.

### 5. Co-Pay Assistance Program

The Co-Pay Assistance program offers assistance to patients in meeting their co-pay obligations for prescription medications or private/public health insurance premiums. Amounts awarded under the program are expensed in the year approved based on the available funding in the program. Approximately \$7,448,000 is included in the grants payable balance for amounts awarded but unpaid at June 30, 2009.

# The Leukemia & Lymphoma Society, Inc.

## Notes to Consolidated Financial Statements

June 30, 2009

(with comparative amounts as of and for the year ended June 30, 2008)

### 6. Therapy Acceleration Program (“TAP”)

TAP is the Society’s strategic initiative to speed the development of blood-cancer treatments and supportive diagnostics by creating business alliances with biotechnology and pharmaceutical companies. TAP provides funding for investigational new drug-enabling studies and clinical-stage projects. TAP contracts are recognized as an expense in the year program milestones are achieved. Multi-year contracts, which are generally two to three years in length, are reviewed against milestones on a quarterly basis and may be terminated at the discretion of the Society's Board of Directors. The Society has contract commitments of \$7,190,000 at June 30, 2009 that are conditioned upon future events and, accordingly, are not recorded.

### 7. Pension Plan

The Society has a defined contribution 403(b) pension plan covering all employees meeting age and service requirements. Contributions are based on a percentage of each eligible employee’s salary and years of service. Expense under this plan aggregated \$4,105,000 and \$3,780,000 for the years ended June 30, 2009 and 2008, respectively.

The Society has a 457(b) Deferred Compensation Plan (the “457 Plan”), for its executive staff. The 457 Plan is a nonqualified deferred compensation plan subject to the provisions of the Internal Revenue Code Section 457. Expenses under the 457 Plan approximated \$170,000 and \$134,000 for the years ended June 30, 2009 and 2008, respectively. The assets and liabilities of the 457 Plan are included in investments and accounts payable in the accompanying consolidated statement of financial position and amounted to approximately \$437,000 and \$314,000 at June 30, 2009 and 2008, respectively.

### 8. Lease Commitments

The leases for premises which the Society’s Home Office and chapters occupy expire on various dates through May 31, 2018 and provide for certain payments subject to escalation and periodic rate increases relating to real estate taxes, operating expenses and utilities. The Home Office lease expires in March 2016.

The approximate minimum aggregate future annual rental commitments are summarized as follows (in thousands):

<u>Year ending June 30:</u>	
2010	\$ 7,243
2011	5,897
2012	4,806
2013	3,100
2014	2,167
Thereafter	3,812
Total	<u>\$27,025</u>

# The Leukemia & Lymphoma Society, Inc.

## Notes to Consolidated Financial Statements

June 30, 2009

(with comparative amounts as of and for the year ended June 30, 2008)

### 9. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets and the income earned on permanently restricted net assets are available for the following purposes at June 30, 2009 and 2008 (in thousands):

	2009		2008	
	Temporarily Restricted	Permanently Restricted	Temporarily Restricted	Permanently Restricted
Time restrictions	\$16,566	\$ -	\$ -	\$ -
Research	2,241	2,917	2,913	3,030
Patient service	4,658	420	8,972	-
Other	131	163	47	49
Total	<u>\$23,596</u>	<u>\$3,500</u>	<u>\$11,932</u>	<u>\$3,079</u>

The Society has interpreted UMIFA as requiring the preservation of the original gift of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies permanently restricted net assets at (a) the original value of gifts to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets to the extent the donor restricted income earned on such endowments to a particular purpose or time, and in all other cases is classified as unrestricted net assets.

The Society has no board-designated endowment funds.

**The Leukemia & Lymphoma Society, Inc.**

**Notes to Consolidated Financial Statements**

**June 30, 2009**

**(with comparative amounts as of and for the year ended June 30, 2008)**

**9. Continued**

The following table presents changes in the donor restricted endowment funds for the year ended June 30, 2009 (in thousands).

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets at July 1	\$2,198	\$635	\$3,079	\$5,912
Investment income	43	76	9	128
Net (depreciation) appreciation	(710)	(161)	5	(866)
Contributions	-	-	119	119
Net assets released	153	(153)	-	-
Redesignation of net assets	(288)	-	288	-
Endowment net assets at June 30	<u>\$1,396</u>	<u>\$397</u>	<u>\$3,500</u>	<u>\$5,293</u>

The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to protect the original value of the gift. Under this policy, the endowment assets are invested in a manner that is intended to produce results consistent with the Society's overall investment strategy.

**10. Joint Costs Allocation**

For the years ended June 30, 2009 and 2008, the Society incurred joint costs for informational materials and activities that included fund raising appeals as follows (in thousands):

	<u>2009</u>	<u>2008</u>
Fund raising	\$12,834	\$14,505
Patient and community service	1,013	1,161
Public health education	10,188	12,243
Total	<u>\$24,035</u>	<u>\$27,909</u>