



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

**Consolidated Financial Statements  
and Supplementary Information**

**June 30, 2007**

**(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, 2007, and the related consolidated statements of activities, cash flows, and functional expenses 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 2006 consolidated financial statements and, in our report dated October 24, 2006, 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. Our audit included 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, 2007, 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.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary chapter information included in the schedules of financial position, activities, and functional expenses is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

KPMG LLP

October 24, 2007

**The Leukemia & Lymphoma Society, Inc.**  
**Consolidated Statement of Financial Position**  
**June 30, 2007**

(with comparative amounts at June 30, 2006)  
(in thousands)

	2007	2006
<b>Assets</b>		
Cash and cash equivalents	\$ 46,949	\$ 49,248
Accounts receivable	1,686	649
Legacies and contributions receivable (note 2)	4,321	6,129
Prepaid expenses	4,711	5,062
Investments, at fair value (note 3)	145,717	108,693
Fixed assets, less accumulated depreciation and amortization of \$10,435 and \$8,857	4,656	4,249
<b>Total assets</b>	<b>\$ 208,040</b>	<b>\$ 174,030</b>
 <b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 18,339	\$ 18,365
Deferred revenue	15,258	12,803
Grants payable (note 4)	77,245	70,000
<b>Total liabilities</b>	<b>110,842</b>	<b>101,168</b>
 <b>Net assets:</b>		
Unrestricted	85,691	64,628
Temporarily restricted (note 7)	8,634	5,403
Permanently restricted (note 7)	2,873	2,831
<b>Total net assets</b>	<b>97,198</b>	<b>72,862</b>
 <b>Total liabilities and net assets</b>	 <b>\$ 208,040</b>	 <b>\$ 174,030</b>

*See accompanying notes to consolidated financial statements.*

The Leukemia & Lymphoma Society, Inc.

Consolidated Statement of Activities  
 Year ended June 30, 2007  
 (with summarized totals for the year ended June 30, 2006)  
 (in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2007	2006
<b>Revenue</b>					
Campaign contributions	\$ 274,055	\$ 17,979	\$ 2	\$ 292,036	\$ 265,596
Less direct donor benefit costs	(42,455)	-	-	(42,455)	(38,556)
Net campaign contributions	231,600	17,979	2	249,581	227,040
Legacies	4,810	127	-	4,937	2,745
Donated services (note 1)	5,051	-	-	5,051	4,896
Net interest and dividend income (note 3)	6,140	111	-	6,251	3,788
Net increase in fair value of investments	7,367	71	40	7,478	1,538
Grant refunds	1,304	-	-	1,304	1,387
Net assets released from restrictions	15,057	(15,057)	-	-	-
<b>Total revenue</b>	<b>271,329</b>	<b>3,231</b>	<b>42</b>	<b>274,602</b>	<b>241,394</b>
<b>Expenses (note 8)</b>					
<i>Program Services:</i>					
Research	69,269	-	-	69,269	63,570
Patient and community service	66,844	-	-	66,844	62,912
Public health education	38,379	-	-	38,379	35,078
Professional education	7,931	-	-	7,931	8,020
Total program services	182,423	-	-	182,423	169,580
<i>Supporting Services:</i>					
Management and general	23,663	-	-	23,663	23,017
Fund raising	44,180	-	-	44,180	42,667
Total supporting services	67,843	-	-	67,843	65,684
<b>Total expenses</b>	<b>250,266</b>	<b>-</b>	<b>-</b>	<b>250,266</b>	<b>235,264</b>
<b>Change in net assets</b>	<b>21,063</b>	<b>3,231</b>	<b>42</b>	<b>24,336</b>	<b>6,130</b>
<b>Net Assets</b>					
Beginning of year	64,628	5,403	2,831	72,862	66,732
End of year	\$ 85,691	\$ 8,634	\$ 2,873	\$ 97,198	\$ 72,862

See accompanying notes to consolidated financial statements.

The Leukemia & Lymphoma Society, Inc.

Consolidated Statement of Cash Flows  
 Year ended June 30, 2007  
 (with comparative amounts for the year ended June 30, 2006)  
 (in thousands)

	<u>2007</u>	<u>2006</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 24,336	\$ 6,130
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net increase in fair value of investments	(7,478)	(1,538)
Permanently restricted revenue collected	(2)	(112)
Depreciation and amortization	1,578	1,246
Changes in operating assets and liabilities:		
Accounts receivable	(1,037)	23
Legacies and contributions receivable	1,808	(1,103)
Prepaid expenses	351	(816)
Accounts payable and accrued expenses	(26)	698
Deferred revenue	2,455	2,048
Grants payable	7,245	13,226
<b>Net cash provided by operating activities</b>	<u>29,230</u>	<u>19,802</u>
<b>Cash flows from investing activities:</b>		
Purchases of fixed assets	(1,985)	(1,397)
Purchases of investments	(160,144)	(136,482)
Sales of investments	130,598	112,960
<b>Net cash used in investing activities</b>	<u>(31,531)</u>	<u>(24,919)</u>
<b>Cash flows from financing activities:</b>		
Permanently restricted contributions collected	2	112
<b>Net cash provided by financing activities</b>	<u>2</u>	<u>112</u>
Net decrease in cash and cash equivalents	(2,299)	(5,005)
Cash and cash equivalents at beginning of year	49,248	54,253
<b>Cash and cash equivalents at end of year</b>	<u>\$ 46,949</u>	<u>\$ 49,248</u>

See accompanying notes to consolidated financial statements.

The Leukemia & Lymphoma Society, Inc.

Consolidated Statement of Functional Expenses  
 Year ended June 30, 2007  
 (with comparative totals for the year ended June 30, 2006)  
 (in thousands)

	Program Services						Supporting Services			Direct donor benefit costs		
	Research	Patient and community service	Public health education	Professional education	Management and general	Fund raising	Total		2007	2006	2007	2006
							Total	Total				
Awards and grants	\$66,540	\$ -	\$ -	\$ -	\$ -	\$ -	\$66,540	\$61,585	\$ -	\$ -	\$ -	
Financial aid to patients	-	6,003	-	-	-	-	6,003	5,098	-	-	-	
Donated services	724	4,327	-	-	-	-	5,051	4,896	-	-	-	
Salaries	802	28,156	13,798	4,119	7,868	9,588	46,875	64,331	17,456	60,546	-	
Employee benefits and taxes (note 5)	128	6,403	3,760	1,094	1,954	2,910	11,385	16,249	4,864	14,853	-	
Occupancy	21	3,091	1,972	588	1,058	1,397	5,672	8,127	2,455	7,657	-	
Insurance	8	247	170	41	79	150	466	695	229	791	-	
Telephone	23	2,256	1,032	176	321	1,302	3,487	5,110	1,623	4,457	-	
Travel	56	1,210	718	222	417	512	2,206	2,924	929	3,135	-	
Printing and supplies	156	2,954	6,114	398	4,150	9,758	9,622	23,530	13,908	22,593	-	
Equipment rentals and maintenance	10	751	474	138	250	359	1,373	1,982	609	2,747	-	
Postage and shipping	50	1,012	4,242	163	2,320	7,376	5,467	15,163	9,696	15,033	-	
Meetings	222	2,660	1,207	312	564	695	4,401	5,660	1,259	5,167	-	
Professional fees	507	6,863	4,315	517	4,342	9,659	12,202	26,203	14,001	24,651	-	
Miscellaneous	5	335	198	65	165	141	603	909	306	1,020	-	
Depreciation and amortization	17	576	379	98	175	333	1,070	1,578	508	1,246	-	
Total expenses	\$69,269	\$66,844	\$38,379	\$7,931	\$23,663	\$44,180	\$182,423	\$67,843	\$250,266	\$42,455	\$38,556	

See accompanying notes to consolidated financial statements.