

**THE LIVESTRONG
FOUNDATION**

**Financial Statements
with Supplemental Schedules
as of and for the Years Ended
December 31, 2013 and 2012 and
Independent Auditors' Report**

THE LIVESTRONG FOUNDATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The **LIVESTRONG** Foundation:

We have audited the accompanying financial statements of The **LIVESTRONG** Foundation (a nonprofit organization) (the "Foundation") which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities 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 audits 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 auditors' judgment, including the assessment of material misstatements 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.

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

"A Registered Investment Advisor"

This firm is not a CPA firm

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 the Foundation as of December 31, 2013 and 2012, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of program expenses and schedule of grant history are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Maxwell Locke + Ritter LLP

Austin, Texas
June 3, 2014

THE LIVESTRONG FOUNDATION

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS		
Cash and cash equivalents	\$ 28,754,032	\$ 38,514,471
Accounts receivable, net	1,445,761	5,424,744
Promises to give, net	2,274,568	3,944,485
Grants receivable	-	38,201
Prepaid expenses and other assets	816,528	1,167,706
Inventory	2,757,115	2,259,901
Investment securities	53,612,809	47,913,925
Property and equipment, net	11,924,683	11,857,247
Intangibles	1,100,886	756,809
TOTAL ASSETS	\$ 102,686,382	\$ 111,877,489
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 1,650,324	\$ 1,760,837
Deferred revenue	691,501	1,236,920
Grants payable, net	629,072	2,231,821
Total liabilities	2,970,897	5,229,578
NET ASSETS:		
Unrestricted:		
Undesignated	64,708,976	75,809,889
Board-designated	11,157,406	11,157,406
Total unrestricted	75,866,382	86,967,295
Temporarily restricted	11,180,319	8,376,417
Permanently restricted	12,668,784	11,304,199
Total net assets	99,715,485	106,647,911
TOTAL LIABILITIES AND NET ASSETS	\$ 102,686,382	\$ 111,877,489

See notes to financial statements.

THE LIVESTRONG FOUNDATION

STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
UNRESTRICTED NET ASSETS:		
Revenues:		
Contributions	\$ 7,905,739	\$ 10,665,285
Investment income, net	4,989,324	4,556,669
Royalties and licensing fees	4,238,072	10,311,943
Special event revenues	2,413,888	8,767,286
Cost of direct benefits to donors	(728,043)	(1,169,225)
Program merchandise and services	756,840	4,085,572
Program merchandise and services - promotional cost	(361,562)	(1,496,287)
Grant revenue	327,446	411,165
Total net revenues	<u>19,541,704</u>	<u>36,132,408</u>
Net assets released from restrictions	<u>4,208,647</u>	<u>5,635,437</u>
Total net revenues and net assets released from restrictions	23,750,351	41,767,845
Expenses:		
Program services	28,355,187	36,722,798
Fundraising	4,472,442	5,201,229
Management and general	2,023,635	1,703,518
Total expenses	<u>34,851,264</u>	<u>43,627,545</u>
Change in unrestricted net assets	<u>(11,100,913)</u>	<u>(1,859,700)</u>
TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	7,012,549	9,305,063
Net assets released from restrictions	<u>(4,208,647)</u>	<u>(5,635,437)</u>
Change in temporarily restricted net assets	<u>2,803,902</u>	<u>3,669,626</u>
PERMANENTLY RESTRICTED NET ASSETS:		
Contributions	218,769	438,071
Investment income, net	<u>1,145,816</u>	<u>1,025,997</u>
Change in permanently restricted net assets	<u>1,364,585</u>	<u>1,464,068</u>
CHANGE IN NET ASSETS	(6,932,426)	3,273,994
NET ASSETS, beginning of year	<u>106,647,911</u>	<u>103,373,917</u>
NET ASSETS, end of year	<u>\$ 99,715,485</u>	<u>\$ 106,647,911</u>

See notes to financial statements.

THE LIVESTRONG FOUNDATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (6,932,426)	\$ 3,273,994
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Change in allowance for uncollectible promises and accounts receivable and discount on long term promises to give	(912,109)	714,315
Depreciation	738,955	708,033
Loss from sale of property and equipment	5,960	-
Unrealized gain on securities, net	(1,089,596)	(3,406,344)
Contributions restricted for long-term investment	(218,769)	(438,071)
Investment income restricted for long-term investment	(1,145,816)	(1,025,997)
Change in assets and liabilities that (used) provided cash:		
Accounts receivable	4,822,836	1,671,216
Promises to give	1,738,173	1,158,319
Grants receivable	38,201	47,842
Prepaid expenses and other assets	351,178	(7,073)
Inventory	(497,214)	(460,891)
Intangibles	(344,077)	(192,405)
Accounts payable and accrued expenses	(334,896)	(882,596)
Deferred revenue	(545,419)	331,619
Grants payable	(1,602,749)	(373,385)
Net cash (used) provided by operating activities	<u>(5,927,768)</u>	<u>1,118,576</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investment securities	(5,043,194)	(2,202,806)
Purchase of property and equipment	(588,968)	(660,851)
Proceeds from sale of property and equipment	1,000	-
Proceeds from sale of investment securities	433,906	445,606
Net cash used in investing activities	<u>(5,197,256)</u>	<u>(2,418,050)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for long-term investment	218,769	438,071
Investment income restricted for long term investment	1,145,816	1,025,997
Net cash provided by financing activities	<u>1,364,585</u>	<u>1,464,068</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(9,760,439)</u>	<u>164,593</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>38,514,471</u>	<u>38,349,878</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 28,754,032</u>	<u>\$ 38,514,471</u>
SUPPLEMENTAL CASH DISCLOSURES:		
Supplemental schedule of noncash investing activities-		
Acquisition of property and equipment with accounts payable	<u>\$ 235,474</u>	<u>\$ 11,091</u>

See notes to financial statements.

THE LIVESTRONG FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 and 2012

1. ORGANIZATION

The Lance Armstrong Foundation was incorporated on January 9, 1997 as a non-profit organization. On October 30, 2012 the Lance Armstrong Foundation changed its name to The LIVESTRONG Foundation (“the Foundation”). The Foundation is dedicated to enhancing the quality of life for those living with, through and beyond cancer by supporting scientific research, educational community programs and in public awareness efforts.

Program Services:

Mission

The Foundation continues to provide an expanded menu of mission-related programs. These include grants for cancer survivorship research; grants to community programs; delivery of cancer survivorship education, information, and referral and support services; and grants to survivorship centers at academic medical institutions. The Foundation is committed to ensuring that every individual affected by cancer has the opportunity to achieve the highest quality of life possible. To that end, the Foundation works tirelessly to ensure that the issues affecting cancer survivorship are addressed by organizations and entities around the nation so that the needs of the approximately 14 million cancer survivors in the United States are met. The Foundation funds a wide range of initiatives across the country in partnership with leading academic, community and advocacy organizations to ensure it is fulfilling its mission.

Grants and Partnerships

Research Program - The opportunity to support research that is patient-centered remains a high priority of the Foundation. The Foundation did not formally fund new research grants in 2013, but continues to monitor seven active grants from past grant cycles that address key recommendations from the *National Action Plan on Cancer Survivorship* and the reports of the Adolescent and Young Adult Oncology Progress Review Group.

The Foundation’s research program is unique in its position to hear and respond to the voices of people affected by cancer from several levels, whether from constituents who follow the Foundation online, to individuals who join the Foundation at public events, or from those who simply call the Foundation, looking for help and support. In 2013, the Foundation made progress with research on several fronts. The Foundation analyzed data from the third version of the LIVESTRONG Survey to understand the experiences of all people diagnosed with cancer, specifically focusing on the practical issues after cancer treatment. Throughout 2013, the Foundation created a series of four briefs on the findings from the survey. The Foundation also presented the results from the 2012 survey at several national conferences and meetings. In addition to this study, the Foundation also finalized analysis from the navigation research study and created an internal report of the findings.

LIVESTRONG Survivorship Center of Excellence Network - The Foundation has supported the work of survivorship centers since 2000. These centers historically worked autonomously and served both pediatric and adult survivors. In 2005, the Foundation launched a new initiative to create and maintain a network of survivorship centers to foster collaboration among centers and further the impact on cancer survivorship. Only pre-selected NCI-designated Comprehensive Cancer Centers are invited to apply for funding and each must collaborate with community-based hospitals. The Foundation also works with the Network Centers on collaborative research projects in the area of survivorship.

Network members:

- Abramson Cancer Center, University of Pennsylvania - Philadelphia, PA
- Dana-Farber Cancer Institute - Boston, MA
- Fred Hutchinson Cancer Research Center - Seattle, WA
- Memorial Sloan-Kettering Cancer Center - New York City, NY
- UCLA's Jonsson Comprehensive Cancer Center - Los Angeles, CA
- University of Colorado Cancer Center - Denver, CO
- University of North Carolina Lineberger Comprehensive Cancer Center - Chapel Hill, NC

Community Program - The Foundation funds initiatives that address cancer survivorship issues through the Community Program. The relationship between the Foundation and an organization funded through the Community Program begins with a grant of financial support through a competitive grant cycle, but goes on to encompass much more through technical and capacity-building support. During 2013, the Community Program offered 72 one-year replication awards through the Community Impact Project, and supported more than 23 cancer focused conferences.

The Foundation's Community Impact Project offered the opportunity to replicate evidence based programs in communities across the United States. The Foundation selected the following 4 programs for replication:

- The Creative Center - Artist in Residence Program. The Foundation provided grants to start art programs in 15 cancer centers and hospitals.
- LIVESTRONG at the YMCA - An evidence-based physical activity and wellness program for people affected by cancer. In partnership with the YMCA the Foundation offered grants to 30 YMCA's to start this program.
- Center for Advanced Palliative Care - In partnership with the Joint Commission and Mt. Sinai Medical School the Foundation offered 15 grants to cancer centers and hospitals interested in seeking Advanced Certification in Palliative Care.
- Camp Kesem - A collegiate based, student hosted weeklong sleep-away summer camp for children who have had a parent or guardian who has, or has had, cancer. The Foundation awarded funding to 12 universities to launch their own Camp Kesem chapter.

These four programs, through the Foundation's support, offered direct and indirect support and training to tens of thousands of survivors. Sites for replication were chosen based on an online voting process, where constituents were able to vote for 176 programs vying for the awards (over 129,000 votes were cast over a two-week period). In addition to funding programs and offering grants, the Community Program also manages certain aspects of engagement within the organization and external organizations. In 2013, the Community Program engaged over 500 hospitals and cancer centers with the Foundation's mission and resources, along with nearly 300 cancer-focused community based organizations.

LIVESTRONG at the YMCA - The Foundation and the YMCA have partnered to create **LIVESTRONG** at the YMCA, an evidence-based physical activity and wellness program for people affected by cancer. The program is currently available in more than 200 communities and over 340 branches nationwide. Since initiation of the program, over 21,500 individuals have been served.

In addition to further dissemination of the **LIVESTRONG** at the YMCA program, the Foundation is committed to spread the program to 10 additional cities in 2014 and continuing to implement additional program opportunities for YMCA sites. These programs include the childcare program, and implementation of **LIVESTRONG** at School within YMCA after school and summer programs.

Hispanic/Latino Outreach and Education - In 2013, the Foundation continued to provide culturally and linguistically appropriate information to Hispanic/Latinos affected by cancer. During 2013, the Foundation served 1,657 Hispanic/Latinos through **LIVESTRONG** Navigation Services and disseminated over 14,000 resources designed for the Hispanic/Latino audience.

In 2013, the Foundation continued our successful outreach efforts to Hispanic/Latinos through radio, television, print and online outlets.

The Foundation continued to expand the network of **LIVESTRONG** certified Promotores through partnerships with local and national community-based organizations. In 2013, the Foundation trained 318 Promotores through in-person trainings as well as online. Ninety seven percent of the participants reported an increased confidence in their ability to serve cancer survivors in their community.

Six individuals were selected to serve as **LIVESTRONG** Promotores Mentors. These mentors offered additional support and guidance to individuals who completed the **LIVESTRONG** Promotores training and also hosted **LIVESTRONG** presentations and trainings that increased awareness and access to the Foundation's resources. The Foundation also developed and hosted over 10 webinars offering ongoing support and education to **LIVESTRONG**-certified Promotores.

LIVESTRONG at School - Offers a curriculum of online lessons for grades K–12 to help school professionals talk with students about cancer in a way that is age-appropriate, inspiring and empowering. To date, the Foundation has engaged approximately 1.8 million students in the fight against cancer and has reached approximately 146,000 teachers through the partnership with Scholastic, Inc. In 2013 alone, **LIVESTRONG at School** reached approximately 12,000 teachers and 240,000 students. In 2013 the Foundation conducted and finalized an intensive evaluation of the **LIVESTRONG at School** curriculum with a partner organization. The evaluation demonstrated that school professionals show strong support for the curriculum and that the curriculum is a good way to engage students on the topic of cancer. The Foundation’s work to support educators and students in the fight against cancer has been published in *Cure*, **LIVESTRONG Quarterly** and the *Journal of Cancer Education*.

LIVESTRONG Young Adult Alliance - Each year, nearly 70,000 young adults between the ages of 15 and 39 are diagnosed with cancer. In contrast to those younger and older, survival rates for young adults have not increased since 1975, possibly due to factors such as lack of insurance, less participation in clinical trials and delayed diagnoses.

Background

In November 2006, the Foundation and the National Cancer Institute (NCI) formed the first ever public-private partnership of its kind to address the needs of adolescents and young adults diagnosed with cancer. Together, they sponsored the AYA Oncology Progress Review Group (“AYAO PRG”). The AYAO PRG was comprised of oncology experts who were charged with reviewing the science to address the research and cancer care needs of adolescents and young adults. This resulted in a national agenda to improve cancer prevention, detection, diagnosis, treatment and outcomes for these patients. The report, *Closing the Gap: Research and Care Imperatives for Adolescents and Young Adults with Cancer*, was printed August 2006 and addressed 5 recommendations to improve survival rates and quality of life for AYAs.

The Alliance was developed simultaneously to the AYAO PRG and became the organized structure to address the recommendations of the PRG Report. The Alliance was a coalition of organizations that included universities and academic medical centers, cancer centers, community hospitals, professional societies, nonprofit and advocacy groups, and liaison members from government agencies, such as the NCI and the Centers for Disease Control and Prevention (CDC).

In response to the AYAO PRG Report, the Alliance published a 5-year implementation plan “*Closing the Gap: A Strategic Plan*” (www.livestrong.org/pdfs/LAF-YAA-Report-pdf) to address and accomplish the recommendations set forth. The Strategic Plan was the basis of the work performed by the Alliance, its members, NCI, and the Foundation, from November 2006 through November 2011.

Moving forward

Due to the tremendous growth of the AYAO movement and the significant progress made by the Alliance at the end of the 5-year Implementation Plan, which ended in November 2011, the Alliance decided to create a new coalition separate from the Foundation. The vision was that the new alliance would continue to focus on serving AYAs diagnosed with cancer.

To help establish the new entity, the Foundation granted a second year of funding in 2013 and hired a new executive director to lead the charge. The Foundation will continue the support through the end of 2014. In addition to its support of the new alliance, the Foundation will continue to invest internally in AYAO-related work.

The new entity, CRITICAL MASS: The Young Adult Cancer Alliance, has a mission to increase survival rates, quality of life, and ensure access to the best medical and psychosocial resources for AYAs diagnosed with cancer.

Professional Education

The LIVESTRONG Foundation collaborates with partners, including participation in planning and development of course outlines and sponsorship of continuing education courses.

Since 2009, the American Society of Clinical Oncology (ASCO), Conquer Cancer Foundation, and the LIVESTRONG Foundation, utilizing partial funding from a CDC grant, have partnered to develop and offer *Focus Under Forty*, an education curriculum for healthcare professionals. Nine courses were launched during 2011, and two additional CME courses were added in 2012, and three about health disparities launched in December 2013. This curriculum series is designed to build awareness of and provide training to address the challenges and unique issues involved in treating adolescent and young adults (AYAs ages 15-39) who have been diagnosed with cancer. Courses are offered free, online through ASCO University and through free podcasts on iTunes University.

The *Focus Under Forty* curriculum topic areas include cancer care, supportive care, role of the primary care provider, survivorship, diagnosis, treatment, fertility preservation issues for males and females, clinical trials, melanoma, breast cancer, and Hodgkin lymphoma. During 2013, outreach continued with 2,938 healthcare professionals participating in at least one course of the *Focus Under Forty* curriculum.

During 2013, the LIVESTRONG Foundation offered free, accredited nursing education through collaborative sponsorships with two continuing education providers: Nurse Oncology Education Program (NOEP.org), which is affiliated with the Texas Nurses Association; and Nurse.com, a Gannett Company. Partnerships developed and offered continuing education (“CE”) opportunities around best practices for cancer care at no cost to nurses and other healthcare professionals.

- *At the Crossroads: Cancer in Ages 15-39* is a 1-contact hour accredited CE video course for nurses about the unique issues faced by AYAs with cancer. NOEP and the LIVESTRONG Foundation reaccredited and continued to offer this course recognizing that nurses, no matter the field of practice, can positively impact treatment of adolescents and young adults affected by cancer. The videos are also available on NOEP’s YouTube channel for those viewers not in need of CE. During 2013, 1,816 nursing professionals took the AYA CE course for credit. Of these, 90% indicated that they were more likely to consider cancer in a differential diagnosis of an AYA after taking the course.

- Advancing Care: Cancer in Hispanic/Latino Populations is a 1-contact hour accredited CE video course about cancer issues experienced in the Hispanic/Latino population. 1,539 nurses completed the course by December 2013. More than 91% of the nurses indicated that they gained increased awareness of the specific needs of this population following a cancer diagnosis from this course.
- During 2013, a total of 10 accredited nurse CE webinar courses (8 online live/captured webinars and 2 print courses published in Nurse.com publications) were sponsored by the **LIVESTRONG** Foundation and offered at no cost through Nurse.com. During this one-year period, more than 62,512 CE tests were taken by 27,395 unique test takers. All ten courses were aimed at addressing disparities in cancer care.

Direct Services

LIVESTRONG Navigation Services - **LIVESTRONG** Navigation Services are for anyone affected by cancer, including the person diagnosed with cancer as well as their loved ones and health care professionals. At any point in a survivor's cancer experience, the Foundation provides free, one-on-one, confidential, professional support with:

- Emotional and peer support.
- Financial, insurance and job concerns.
- Clinical trials matching.
- Fertility preservation risks and options.
- Learning more about cancer diagnosis and treatment options.
- Connecting to local resources.

In addition to direct support with cancer needs, the **LIVESTRONG** Cancer Navigation Center provides educational resources that help survivors cope with their diagnosis, including the offering of educational classes and discussion forums. In addition, the Foundation provides information, tools and training opportunities to help healthcare providers effectively care for cancer patients. All services provided by navigation services are available in English and Spanish, Monday through Friday during regular business hours (9-5pm CT).

Throughout 2013, over 200,000 services and tools were accessed. This includes those provided through navigation and accessed via online and print materials. A few highlights of 2013 include:

- Saved clients approximately \$3.2 million through negotiation of discounts, maximization of available medication programs and overturned denials from insurance companies.
- Helped more than 12,563 individuals, connecting them to an average of 11 services per client
- Distributed more than 104,000 Living After Cancer Treatment brochures and **LIVESTRONG** Guidebooks.
- Served 1,078 Austin area clients

Advocacy, Government Relations and Health Policy

LIVESTRONG Day - For the past 10 years, the Foundation annually invites supporters to participate in **LIVESTRONG Day**, a one-day initiative to unite people affected by cancer. The goal is to raise awareness for the cancer fight and to show support for people affected by cancer.

In 2013, the Foundation launched an awareness campaign on **LIVESTRONG Day** to generate awareness and support for the Foundation via social media. Outreach included a focus on influencer outreach via Twitter to share the hashtag #StillStrong, email and sharable graphics on Twitter and Facebook, resulting in:

- More than 9,700 unique visits in one day to **LIVESTRONGDay.org**
- Earned 14 million impressions from original social content, employees and advocates on social media alone
- Over 15 influencers on Twitter (each with 20,000 to 1.4 million followers) participated by sharing the #StillStrong message
- 1,556 video shares resulted in 12,400 YouTube video views
- The amount of conversation around **LIVESTRONG**'s free services increased 5.5x from **LIVESTRONG Day 2012**

Advocacy Coalitions - The Foundation participates as a member of a number of cancer advocacy coalitions including the One Voice Against Cancer coalition and the Cancer Leadership Council in Washington, D.C. In addition, the Foundation is a member of The Non-Communicable Disease Alliance (“NCD Alliance”).

Policy and Government Relations - The primary focus of the Foundation's advocacy activities in 2013 was to promote patient centered cancer policy initiatives at the global, federal and state level. In March, the Foundation's Director of Health Policy testified on Capitol Hill before the House State and Foreign Operations Appropriations Subcommittee in support of sustained U.S. funding to combat the growing threat from non-communicable diseases, including cancer. In addition, the Foundation advocated for language in the PEPFAR Stewardship and Oversight Act that requires an accounting of efforts, by country, to address co-infections and co-morbidities of HIV/AIDS, including AIDS-related cancers. At the national level, the Foundation helped people affected by cancer understand the impact of the Affordable Care Act by participating in online chats, hosting classes and developing educational materials about the law for cancer survivors. In Texas, the Foundation advocated for measures to reform and fund the Cancer Prevention and Research Institute of Texas (CPRIT) during the Texas legislative session in 2013. The Texas Legislature passed legislation to increase transparency and accountability at CPRIT and provided \$594 million in grant funding for the agency for the next two years.

International Program

Patient Empowerment Project (PEP) - In 2013, the Foundation completed the Japan Patient Empowerment Project ("PEP") in collaboration with American Cancer Society and Japan's premier health policy and advocacy organization, Health and Global Policy Institute (HGPI). PEP was designed to leverage the patient voice to bring visibility to gaps in cancer control and raise awareness within the population of cancer patient needs and experiences. The Foundation provided technical assistance and training to our local partners empowering them to raise awareness among policymakers, the general public, healthcare providers, and the media about the challenges that cancer patients face. Local partners launched a public campaign with the tagline Over Cancer Together ("OCT") to empower patients to become cancer control advocates and utilize their voices to engage in the policy making process.

A Patient Forum, or a multi-stakeholder meeting addressing quality of life and survivorship issues in Japan, was held with great success on December 7, 2013, engaging over 1,000 in person and online participants throughout the country. The Forum brought together media, NGOs, advocates, and representatives from the health sector and government to hear patient stories, and dialogue in order to build grassroots momentum around key cancer issues in the country.

In May of 2014, a patient-informed national call to action on cancer will be publicly launched through the ongoing OCT Campaign. The Call to Action will contribute to efforts to address the burden of cancer in Japan and grow the cancer patient advocacy movement.

Mexico PEP - In May 2013, the Foundation saw the completion of the Mexico PEP Forum, hosted and facilitated by Fundación Rebecca de Alba, with our initial support. The Forum had over 150 stakeholders in attendance, including key policy representatives. A diverse set of survivors representing all corners of the country shared their personal stories with a great deal of media coverage that day.

Anti-Stigma Campaign - In 2013, the Foundation continued to leverage its resources created from the Anti-Stigma Campaigns of South Africa and Mexico to expand our reach of messages that work to reduce stigma and encourage cancer survivors to share their personal stories.

Global Fellow Fernando Rodriguez, located in Mexico City, worked with a cohort of local Mexico Leaders throughout the year on a set of activities that included workshops at 7 universities educating over 3,000 students about cancer related stigma. Mr. Rodriguez maintained the Comparte tu Historia Facebook page, which had over 3.3 million viral impressions and reached over 95 million people. He negotiated a successful installment of 300 runs for our survivor story PSAs and another hour-long radio show sharing messages of hope and support.

International Stigma and Advocacy Trainings: In partnership with WECAN, the Foundation implemented two trainings in Uganda and the Republic of Georgia to groups of breast cancer advocates.

Stigma Index: The stigma index, developed through research conducted in collaboration with our partner RAND Corporation, was finalized and shared with a number of key stakeholders for potential use in Los Angeles, CA, Kenya, and Moldova in the future.

Cancer Hacks

In 2013, the Foundation launched an initiative named Cancer Hacks which is a unique technology engagement platform created to help people impacted by cancer conquer the daily practical challenges they face as a result of the disease. This engagement site is the first interactive tool and community that curates the Foundation's expert knowledge about dealing with cancer's daily burdens and combines it with "hacks" - or tips and solutions - submitted by people around the world who have their own "daily cures" for conquering these challenges, to create a constantly evolving, crowd-sourced conversation about living with cancer.

Daily Cures

The launch of the Daily Cures campaign follows the release of the Institute of Medicine's landmark 2013 report, "Delivering High-Quality Cancer Care: Charting a New Course for a System in Crisis," which highlights major shortfalls in patient engagement in the current cancer care system and reinforces the need to close these gaps, especially since cancer incidences are expected to rise dramatically. Consistent with the Foundation's mission to put the needs of those living with cancer today at the center of its work, Daily Cures seeks more balance in cancer resource allocation, so that improving day-to-day quality of life - "daily cures" - for people living with the disease is recognized as being of equal importance to the scientific search for a future cure. Research has validated this approach, showing that programs focusing on patient quality of life improve outcomes, including more effective treatments and longer lives.

Social Innovation Challenge

In 2013, the Foundation launched a Social Innovation Challenge, titled ‘The Big C’. The competition is a one-of-a-kind, global competition to generate innovations that improve the daily quality of life for the 32.5 million people around the world living with cancer right now. Ventures will compete for \$140,000 in seed funding, mentoring and global exposure to a community of potential customers and investors to develop programs, services, new technology and inventions that improve cancer patients’ and survivors’ daily quality of life.

2. SUMMARY OF SIGNIFICANT ACCCOUNTING POLICIES

Basis of Presentation - The financial statements are presented in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as defined by the Financial Accounting Standards Board Accounting Standards Codification.

Contributions - Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor restriction expires, assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. Permanently restricted net assets are maintained by the Foundation in perpetuity.

The Foundation reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Accounts Receivable - Accounts receivable are recorded at the value of the revenue earned. Delinquent account receivable invoices do not accrue interest. The Foundation continually monitors each customer’s credit worthiness individually and recognizes allowances for estimated bad debts on customer accounts that are no longer estimated to be collectible. The Foundation regularly adjusts any allowance for subsequent collections and final determination that an account receivable is no longer collectible.

Shipping and Handling - The Foundation imparts a shipping and handling charge on merchandise sold on its website. The rate is progressive with respect to the dollar value of an order. At month end, the amount received for shipping and handling is netted against the amount paid for shipping and handling and any difference is recorded as promotional cost.

Donated Services - A substantial number of volunteers have donated approximately 99,500 and 153,908 hours to the Foundation’s program services and fundraising campaigns during the years ended December 31, 2013 and 2012, respectively. These donated services are not reflected in the financial statements since the services do not require specialized skills.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - The Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Inventory - Inventory consists of program merchandise which includes finished goods and work-in-progress and is stated at lower of cost or market on a first-in, first-out basis.

Grants - Revenue from grants received from federal and state governments is earned based on the Foundation incurring allowable costs or providing services. Therefore, revenue is recognized as those costs are incurred or the services are provided.

Concentrations - Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents, investments and receivables. The Foundation places its cash and cash equivalents with a limited number of high quality financial institutions and may exceed the amount of insurance provided on such deposits. Management believes no significant risk exists with respect to cash and cash equivalents. 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 near-term could materially affect the amounts reported in the statement of financial position. Management does not believe a significant concentration of risk exists.

The Foundation does not maintain collateral for its receivables and does not believe significant risks exist at December 31, 2013 and 2012. Receivables consist of accounts receivable, promises to give and grants receivable. At December 31, 2013, balances due from three donors represented 55% of the total receivables balance. At December 31, 2012, balances due from four donors represented 63% of the total receivables balance.

Fair Value Measurements - Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 - Inputs based on quoted prices in active markets for identical assets or liabilities.
An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 - Observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
- Level 3 - Unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value: 1) market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities, 2) cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost), and 3) income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Investments - Investments in marketable securities with readily determinable fair values are valued at their fair value in the statements of financial position. Unrealized gains and losses at December 31, 2013 and 2012 are included in the changes in net assets. Realized gains and losses are determined by the specific identification method.

Property and Equipment - Property and equipment acquisitions are capitalized at cost if purchased and at fair market value at the date of receipt if donated. The Foundation capitalizes all acquisitions of property and equipment in excess of \$1,000 and a useful life of more than one year. Depreciation expense is calculated using the straight-line method and the following estimated useful lives:

Building	30 years
Furniture, fixtures and equipment	3-7 years

Intangibles - Intangibles consist of trademarks and licenses purchased which have an indefinite useful life. The Foundation evaluates indefinite-lived intangible assets for impairment annually on December 31, or more frequently if impairment indicators arise.

Board-Designated Net Assets - The Foundation has board designated net assets of \$2,000,000 and endowment designated net assets of \$9,157,406. These ensure that adequate operating reserves are available and cannot be spent without prior board approval.

Functional Expenses - The expense information contained in the statements of activities is presented on a functional basis. Accordingly, certain expenses are allocated between functional categories.

Deferred Revenue - Deferred revenue consists of cash that has been received for future events and will be recognized once the event has taken place.

Advertising Costs - Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2013 and 2012 was \$4,920,883 and \$5,061,103, respectively.

Income Taxes - The Foundation is a non-profit corporation that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision is made for federal or state income taxes. The Foundation is subject to routine examinations of its returns; however, there are no examinations currently in progress. The December 31, 2010 and subsequent tax years remain subject to examination by the Internal Revenue Service.

Reclassifications - Certain amounts in the prior year have been reclassified to conform to the presentation adopted in the current year. Total net assets are unchanged due to these reclassifications.

3. INVESTMENTS

Investments are stated at fair value and consist primarily of common stocks and mutual funds. The limited partnership investment consists of an investment in TIFF Private Equity Partners (“TPEP”) 2005, a limited liability company, which is accounted for under the equity method of accounting. The Foundation has accounted for their investment in TPEP 2005 under the equity method by recording their respective share of earnings or loss. Pending actual disbursement for budgeted program expenditures, funds are invested in securities designed to maximize resources available for programs while minimizing risk. These investments are managed by third party investment managers under board of director approved investment policies. Total earnings on unrestricted and temporarily restricted investments are credited to unrestricted net assets unless otherwise restricted by the donor.

Investments consisted of the following at December 31, 2013:

	Fair Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common stocks and mutual funds:				
TIFF Multi-Asset Fund	\$ 48,128,907	-	48,128,907	-
TIFF Short-Term Fund	3,972,216	-	3,972,216	-
Total common stocks and mutual funds	52,101,123	-	52,101,123	-
Limited Partnership-TPEP 2005	1,511,686	-	-	1,511,686
	<u>\$ 53,612,809</u>	<u>-</u>	<u>52,101,123</u>	<u>1,511,686</u>

The Level 2 investments have been valued using a market approach. Level 3 investments have been valued using an income approach. Investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

Balance, December 31, 2012	\$ 1,725,614
New investment contributions	20,000
Total distributions	(420,954)
Total net gains (realized/unrealized)	187,026
Balance, December 31, 2013	<u>\$ 1,511,686</u>

Investments consisted of the following at December 31, 2012:

	Fair Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common stocks and mutual funds:				
TIFF Multi-Asset Fund	\$ 42,212,078	-	42,212,078	-
TIFF Short-Term Fund	3,976,233	-	3,976,233	-
Total common stocks and mutual funds	46,188,311	-	46,188,311	-
Limited Partnership- TPEP 2005	1,725,614	-	-	1,725,614
	<u>\$ 47,913,925</u>	<u>-</u>	<u>46,188,311</u>	<u>1,725,614</u>

Investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

Balance, December 31, 2011	\$ 1,745,966
New investment contributions	60,000
Total distributions	(434,150)
Total net gains (realized/unrealized)	353,798
Balance, December 31, 2012	<u>\$ 1,725,614</u>

Investment income consisted of the following for the year ended December 31:

	2013	2012
Capital gain distributions	\$ 4,500,058	\$ 1,337,491
Unrealized gains, net	1,089,596	3,406,344
Dividends	455,302	784,959
Interest	93,059	54,506
Realized losses, net	(2,875)	(634)
	<u>\$ 6,135,140</u>	<u>\$ 5,582,666</u>

The Foundation has agreed and committed to provide capital contributions of up to \$2,000,000 in TPEP 2005, an investment fund organized as a limited liability company by The Investment Fund for Foundations and TIFF Advisory Services, Inc. The capital of TPEP 2005 is expected to be allocated primarily among private equity managers pursuing venture, operations-oriented buy-out, and special situation and recapitalization strategies. As of December 31, 2013 and 2012 the Foundation had a remaining commitment to TPEP 2005 of \$110,000 and \$120,000, respectively. The initial investment period is a 12-year term expiring December 31, 2017, subject to extension for up to five consecutive one-year periods.

4. PROMISES TO GIVE

Unconditional promises to give were as follows at December 31:

	2013	2012
Contributions due in less than one year	\$ 733,319	\$ 1,343,087
Contributions due in one to five years	1,517,866	2,546,628
Contributions due in more than five years	248,457	348,100
	2,499,642	4,237,815
Less allowance for uncollectible promises	(106,548)	(80,500)
Less discount to net present value	(118,526)	(212,830)
	\$ 2,274,568	\$ 3,994,485

Promises to give are valued based upon net present value where a stream of expected cash flows is discounted at an appropriate market interest rate. The discount rate used on long-term promises to give was 3% in 2013 and 2012.

5. INTANGIBLES

In 2005, the Foundation purchased the rights to the trademark name Live Long...Live Strong™. In 2012, the Foundation purchased the rights to the .livestrong domain. The Foundation added to its intangibles portfolio in 2013 with the purchase of the permit rights for a downtown marathon relay event in Austin, Texas. Each year the Foundation evaluates the components of its intangibles portfolio for impairment. The results of this review and evaluation determined that gross revenues derived from the use of purchased trademarks and intangibles exceeded their carrying value; therefore, no impairment existed as of December 31, 2013 and 2012.

6. INVENTORY

Inventory consisted of finished goods program merchandise at December 31, 2013 and 2012 of \$2,757,115 and \$2,259,901, respectively.

7. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2013</u>	<u>2012</u>
Building	\$ 9,201,991	\$ 9,192,746
Furniture, fixtures and equipment	4,879,154	4,083,699
	<u>14,081,145</u>	<u>13,276,445</u>
Less accumulated depreciation	(4,195,673)	(3,458,409)
	9,885,472	9,818,036
Land	2,039,211	2,039,211
Property and equipment, net	<u>\$ 11,924,683</u>	<u>\$ 11,857,247</u>

8. GRANTS PAYABLE

During the years ended December 31, 2013 and 2012, the Foundation made grants to fund cancer research, support long term survivor clinics, and fund various community grants and sponsorships. The Schedule of Grant History reflects the grants awarded as unconditional promises to give. Grants payable were as follows at December 31:

	<u>2013</u>	<u>2012</u>
Payable in less than one year	\$ 557,500	\$ 2,001,160
Payable in one to five years	77,909	245,000
	635,409	2,246,160
Less discount to net present value	(6,337)	(14,339)
Grants payable, net	<u>\$ 629,072</u>	<u>\$ 2,231,821</u>

The discount rate applied to grants payable extending beyond one year from the grant date was 3% for 2013 and 2012.

9. LEASE COMMITMENTS AND CONTINGENCIES

The Foundation leases equipment under non-cancelable operating leases. Rental expenses for the office lease and miscellaneous equipment for the years ended December 31, 2013 and 2012 were \$48,599 and \$50,692, respectively. Minimum future rentals are as follows:

2014	\$ 31,433
2015	40,230
2016	40,230
2017	40,230
2018	10,058
	<u>\$ 162,181</u>

The Foundation is exposed to unasserted potential claims in the normal course of business. In the opinion of management, the resolution of these matters will not have a material adverse effect on the Foundation's financial position or results of operations.

10. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at December 31:

	<u>2013</u>	<u>2012</u>
Men's Health Initiatives	\$ 6,087,340	\$ 4,563,944
ASAP Research Collaborative	3,255,362	-
Time Restrictions	1,747,625	2,624,657
Programs and Partnerships	75,425	117,452
Young Adult Services	14,567	99,143
Volunteer and Intern Programs	-	657,971
International Programs	-	220,000
Navigation Services	-	93,250
	<u>\$ 11,180,319</u>	<u>\$ 8,376,417</u>

11. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets result from contributions whose use by the Foundation is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Foundation. Income and net appreciation may be expended in accordance with the spending policy established by the Foundation absent of any donor stipulations. The pro-rata share of investment income and related fund expenses are restricted for each named endowment fund.

The endowment funds at the Foundation are for the general purposes of the Foundation and may provide support for a specific educational program, assist a specific national advocacy program fund a particular type of grant or purpose mutually agreed upon with the donor.

The corpus (principal) of donor restricted funds may never be spent. However, income and net appreciation may be expended in accordance with the spending policy described below. It is the policy of the endowment to comply with both federal and state law in complying with the specific time or use restrictions as stipulated by the individual donor. As such, the disclosure of the net asset classification of donor-restricted endowment funds is highlighted in this footnote.

The investment policy for endowment funds outlines the organization's return objectives, risk parameters, and spending policies as summarized below:

- Return objectives - The return objective for endowment funds is to preserve and enhance the purchasing power of endowment assets, net of costs and board-approved withdrawals, over rolling five-year periods. This goal is synonymous with the pursuit of a time-weighted net return on endowment assets that equals inflation plus the long-term spending rate.

- Risk parameters - The endowment's risk parameters are measured by its policy portfolio and allowable asset mix detailed in board approved investment guidelines. These guidelines provide specific target allocations and ranges. The policy portfolio represents the highest expected return asset mix that is likely to satisfy the return objectives. Because the policy portfolio entails benchmarks for each of its segments and hence also for the endowment as a whole, it constitutes an appropriate standard by which to measure progress toward achievement of these objectives. The policy portfolio further imposes an illiquid asset ceiling of 25%.
- Spending policy - The spending policy for endowment funds specifies a spending rate of 4% of the rolling five-year moving average of the monthly portfolio market value. This amount is determined at the end of December each year and is available for spending in the next fiscal year.

Permanently restricted net assets were as follows at December 31:

	<u>2013</u>	<u>2012</u>
Individual named funds (70 and 64 individual funds at 2013 and 2012, respectively)	\$ 12,351,336	\$ 11,014,890
Unnamed funds	264,787	224,371
Pledged, paid and undesignated funds	52,661	64,938
	<u>\$ 12,668,784</u>	<u>\$ 11,304,199</u>

Endowment net asset composition by type of fund was as follows at December 31, 2013:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	12,668,784	12,668,784
Unrestricted earnings on donor-restricted endowment funds	20,064,807	-	20,064,807
Board-designated endowment funds	9,157,406	-	9,157,406
Total funds	<u>\$ 29,222,213</u>	<u>12,668,784</u>	<u>41,890,997</u>

The changes in endowment net assets for the year ended December 31, 2013 were as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 26,439,847	11,304,199	37,744,046
Investment return	2,786,322	1,168,999	3,955,321
Contributions	-	218,769	218,769
Appropriation of endowment assets for expenditure and other adjustments	(3,956)	(23,183)	(27,139)
Endowment net assets, end of year	<u>\$ 29,222,213</u>	<u>12,668,784</u>	<u>41,890,997</u>

Endowment net asset composition by type of fund was as follows at December 31, 2012:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	11,304,199	11,304,199
Unrestricted earnings on donor-restricted endowment funds	17,282,441	-	17,282,441
Board-designated endowment funds	<u>9,157,406</u>	<u>-</u>	<u>9,157,406</u>
Total funds	<u>\$ 26,439,847</u>	<u>11,304,199</u>	<u>37,744,046</u>

The changes in endowment net assets for the year ended December 31, 2012 were as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 23,896,202	9,840,131	33,736,333
Investment return	2,542,608	1,021,685	3,564,293
Contributions	-	438,071	438,071
Appropriation of endowment assets for expenditure and other adjustments	<u>1,037</u>	<u>4,312</u>	<u>5,349</u>
Endowment net assets, end of year	<u>\$ 26,439,847</u>	<u>11,304,199</u>	<u>37,744,046</u>

12. RETIREMENT PLAN

The Foundation has a contributory matching retirement plan for all employees under section 401(k) of the Internal Revenue Code. Contributions of the eligible participants' elective deferral up to a maximum 4% are funded on a current basis by the Foundation. Employees are fully vested in all contributions made on their behalf by the Foundation. The contributions charged to operations were \$188,872 and \$190,019 during the years ended December 31, 2013 and 2012, respectively.

13. RELATED PARTY TRANSACTIONS

During 2013 and 2012, the Foundation received contributions of \$290,087 and \$410,503, respectively, from board members. During 2013 and 2012, the Foundation made payments of \$42,508 and \$126,708, respectively, to related parties for services provided and expense reimbursements. As of December 31, 2013 and 2012, the Foundation had promises to give due from board members of \$91,250 and \$547,984, respectively.

14. FEDERAL AND STATE GRANTS

The Department of Health and Human Services' Centers for Disease Control ("CDC") awarded the Foundation a federal grant for the CDC 2012-2013 fiscal year in support of the "Making An Impact: Outreach and Education to Improve Survivorship amount Underserved Populations" initiative. The purpose of the grant is to support and encourage early detection or survivorship of cancer in underserved populations. The grant, which is based upon allowable expenses paid, is awarded each year and is subject to annual renewal.

The Cancer Prevention & Research Institute of Texas ("CPRIT") awarded the Foundation a grant for the August 2010 to July 2012 term in support of health promotion, public education and outreach programs. The grant is based upon allowable expenses paid.

During the years ended December 31, 2013 and 2012, the Foundation incurred reimbursable expenditures of \$327,446 and \$411,165, respectively.

These grants are subject to review and audit by the grantor agencies. These grants have certain compliance requirements and, should audits by the grantor agencies disclose any areas of substantial noncompliance, the Foundation may be required to refund any disallowed costs. Management is of the opinion that the Foundation is in compliance with these grantor requirements.

15. JOINT COSTS

The Foundation conducts activities that include fundraising appeals as well as program and management and general components. These activities include direct mail and other constituent relationship activities. The costs of conducting these joint activities were comprised of the following as of December 31:

	<u>2013</u>	<u>2012</u>
Fundraising	\$ 36,398	\$ 179,128
Management and general	-	7,347
	<u>\$ 36,398</u>	<u>\$ 186,475</u>

16. FUNCTIONAL EXPENSES

Functional expenses for the year ended December 31, 2013 consisted of the following:

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Salaries, wages, and benefits	\$ 6,410,742	1,392,349	545,031	8,348,122
Grants and awards	6,406,784	-	-	6,406,784
Advertising	4,343,773	345,842	231,267	4,920,883
Legal and professional	4,093,373	327,884	201,313	4,622,570
Public awareness	821,225	701,878	63,807	1,586,910
Travel	932,982	135,934	49,669	1,118,585
Guidebook and merchandise giveaway	1,005,971	16,600	8,829	1,031,400
Bad debt and taxes	360,464	341,000	148,130	849,594
Technology	341,417	176,886	317,953	836,257
Depreciation	485,072	178,364	75,519	738,955
Facility and miscellaneous rental charges	459,451	124,551	67,879	651,881
Contract services	369,983	102,190	58,984	531,157
Payroll taxes	398,814	85,139	30,471	514,424
Printing and publications	288,628	61,179	29,644	379,451
Professional fundraising fees	141,188	78,688	20,095	239,971
Retirement plan contributions	163,267	33,285	14,809	211,361
Postage and supplies	172,082	27,152	7,860	207,094
Bank service fees	98,930	56,028	14,323	169,281
Occupancy	109,186	44,851	6,662	160,699
Insurance	77,427	27,694	9,314	114,435
Telephone	39,161	13,315	21,267	73,743
Permits	13,532	5,261	3,199	21,992
Entertainment	5,113	59	28	5,199
Other	816,622	196,313	97,581	1,110,516
	<u>\$ 28,355,187</u>	<u>4,472,442</u>	<u>2,023,635</u>	<u>34,851,264</u>

Functional expenses for the year ended December 31, 2012 consisted of the following:

	Program Services	Fundraising	Management and General	Total
Grants and awards	\$ 9,547,732	-	-	9,547,732
Salaries, wages, and benefits	6,613,238	1,693,232	616,782	8,923,252
Legal and professional	5,018,860	420,060	258,037	5,696,957
Advertising	4,099,869	838,843	122,391	5,061,103
Public awareness	3,796,054	6,600	600	3,803,254
Travel	1,194,713	233,844	43,931	1,472,488
Bad debt and taxes	914,224	142,986	2,915	1,060,125
Guidebook and merchandise giveaway	989,352	6,616	1,698	997,666
Contract services	568,699	212,426	84,117	865,242
Technology	368,465	152,370	223,487	744,322
Facility and miscellaneous rental charges	438,164	229,218	50,401	717,783
Depreciation	489,332	165,022	53,680	708,034
Payroll taxes	407,193	105,416	33,590	546,199
Professional fundraising fees	138,123	273,537	22,027	433,687
Bank service fees	223,459	174,630	30,578	428,667
Postage and supplies	273,645	105,327	8,792	387,764
Printing and publications	302,684	62,355	10,639	375,678
Retirement plan contributions	158,582	38,007	13,627	210,216
Occupancy	117,535	44,823	6,473	168,831
Insurance	73,731	33,334	6,474	113,539
Telephone	50,684	20,245	30,106	101,035
Entertainment	23,980	3,716	1,035	28,731
Permits	11,414	6,088	1,808	19,310
Other	903,066	232,534	80,330	1,215,930
	<u>\$ 36,722,798</u>	<u>5,201,229</u>	<u>1,703,518</u>	<u>43,627,545</u>

17. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through June 3, 2014 (the date the financial statements were available to be issued) and no events have occurred from the statement of financial position date through that date that would impact the financial statements.

SUPPLEMENTAL INFORMATION

THE LIVESTRONG FOUNDATION

SCHEDULE OF PROGRAM SERVICES EXPENSES YEAR ENDED DECEMBER 31, 2013

	Grants and Programs	Programs and Policy	Education and Program Development	Grassroots Advocacy	Government Relations	Total Program Services
Salaries, wages, and benefits	\$ 2,578,365	1,707,725	1,323,854	369,466	431,332	6,410,742
Grants and awards	3,257,172	1,059,140	1,972,471	17,964	100,037	6,406,784
Advertising	1,422,806	2,158,242	441,507	284,057	37,161	4,343,773
Legal and professional	2,636,061	795,742	301,775	39,751	320,044	4,093,373
Guidebook and merchandise giveaway	22,812	968,882	8,445	4,145	1,687	1,005,971
Travel	218,945	184,862	267,089	196,634	65,452	932,982
Public awareness	216,419	469,302	94,037	21,012	20,455	821,225
Depreciation	246,290	128,742	76,366	17,064	16,610	485,072
Facility and miscellaneous rental charges	179,552	148,593	91,940	24,344	15,022	459,451
Payroll taxes	159,310	106,400	83,015	23,258	26,831	398,814
Contract services	130,813	135,230	79,462	12,794	11,684	369,983
Bad debt/taxes/miscellaneous	152,991	112,064	66,097	14,853	14,459	360,464
Technology	163,788	96,278	56,460	12,620	12,271	341,417
Printing and publications	50,434	205,647	22,422	3,352	6,773	288,628
Postage and supplies	64,194	83,706	15,645	6,677	1,860	172,082
Retirement plan contributions	68,116	43,055	33,559	8,328	10,209	163,267
Professional fundraising fees	56,298	40,565	30,057	8,308	5,960	141,188
Occupancy	46,291	33,909	20,114	4,494	4,378	109,186
Bank service fees	42,100	30,617	18,214	4,049	3,950	98,930
Insurance	32,827	24,047	14,264	3,187	3,102	77,427
Telephone	17,047	8,073	9,029	3,718	1,294	39,161
Permits	5,737	4,203	2,493	557	542	13,532
Entertainment	48	5,035	21	5	4	5,113
Other	253,399	256,225	195,324	86,529	25,145	816,622
	<u>\$ 12,021,815</u>	<u>8,806,284</u>	<u>5,223,660</u>	<u>1,167,166</u>	<u>1,136,262</u>	<u>28,355,187</u>

THE LIVESTRONG FOUNDATION

SCHEDULE OF GRANT HISTORY DECEMBER 31, 2013

	2004 and Prior	2005	2006	2007	2008	2009	2010	2011	2012	2013	TOTAL
Grants payable											
Beginning of year	\$ -	4,561,969	9,540,676	7,337,123	7,590,025	6,833,099	3,057,033	2,040,951	2,605,206	2,231,821	-
Grants awarded	15,897,271	14,976,455	12,891,166	9,534,130	8,800,140	4,995,469	7,303,518	5,354,612	9,732,907	6,499,038	95,984,706
Grant payments and other changes	(11,335,302)	(9,997,748)	(15,094,719)	(9,281,228)	(9,557,066)	(8,771,535)	(8,319,600)	(4,790,357)	(10,106,292)	(8,101,787)	(95,355,634)
Grants payable											
End of year	\$ 4,561,969	9,540,676	7,337,123	7,590,025	6,833,099	3,057,033	2,040,951	2,605,206	2,231,821	629,072	629,072