LANCE ARMSTRONG FOUNDATION AND AFFILIATES

Consolidated Financial Statements and Independent Auditors' Report for the Years Ended December 31, 2008 and 2007 and Supplemental Schedules

MAXWELL & LOCKE & RITTER

LANCE ARMSTRONG FOUNDATION AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Lance Armstrong Foundation and Affiliates:

We have audited the accompanying consolidated statement of financial position of Lance Armstrong Foundation and Affiliates (collectively, the "Foundation") as of December 31, 2008, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of the Foundation as of December 31, 2007, were audited by other auditors whose report dated September 30, 2008, expressed an unqualified opinion on those consolidated statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 Foundation as of December 31, 2008 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated August 7, 2009 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplemental schedules of consolidating statement of financial position and activities are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole. The consolidated statement of program expenses and the consolidated statement of grant history are also presented for purposes of additional analysis and are not a required part of the consolidated financial statements. These statements have not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on them.

Maxwell Locke + Ritter LLP

August 7, 2009

LANCE ARMSTRONG FOUNDATION AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2008 AND 2007

	2008	2007
ASSETS:		
Cash and cash equivalents	$ 9,180,660	$ 4,744,732
Investment securities	29,817,589	42,756,953
Promises to give, net	7,725,405	8,143,892
Promises to give, net - endowment	2,160,645	1,738,974
Accounts receivable	4,386,056	1,981,375
Grants receivable	142,310	24,570
Prepaid expenses and other assets	348,589	494,929
Intangibles	564,390	564,390
Inventory	2,388,592	4,422,521
Other investments	1,127,370	819,470
Property and equipment, net	7,781,380	314,885
Total assets	$ 65,622,986	$ 66,006,691
LIABILITIES AND NET ASSETS:		
LIABILITIES:		
Accounts payable and accrued expenses	$ 2,502,471	$ 1,326,868
Deferred lease cost	-	6,611
Grants payable, net	6,833,099	7,590,025
Line of credit	2,665,028	-
Deferred revenue	614,564	22,500
Total liabilities	12,615,162	8,946,004
NET ASSETS:		
Unrestricted		
Undesignated	30,769,934	35,517,970
Designated	11,157,406	11,157,406
Total unrestricted	41,927,340	46,675,376
Temporarily restricted	5,503,209	5,828,362
Permanently restricted	5,577,275	4,556,949
Total net assets	53,007,824	57,060,687
Total liabilities and net assets	$ 65,622,986	$ 66,006,691

See notes to consolidated financial statements.

LANCE ARMSTRONG FOUNDATION AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
UNRESTRICTED NET ASSETS:		
Revenues:		
Contributions	$ 9,357,223	$ 10,509,880
Grant revenue	1,113,837	855,329
Program merchandise and services	5,167,500	3,839,432
Program merchandise and services - promotional cost	(2,038,040)	(1,539,986)
Special event revenues	10,696,496	9,979,696
Cost of direct benefits to donors	(1,146,246)	(608,382)
Investment (loss) income	(8,873,485)	4,726,424
Royalties	12,987,846	2,680,832
Other expense	(41,059)	(25)
Total net revenues	27,224,072	30,443,200
Net assets released from restrictions	2,112,341	715,063
	29,336,413	31,158,263
Expenses:		
Program services	27,514,111	23,275,427
Management and general	2,379,503	2,390,954
Fundraising	4,190,835	5,566,023
Total expenses	34,084,449	31,232,404
Decrease in unrestricted net assets	(4,748,036)	(74,141)
TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	1,787,187	4,587,566
Net assets released from restrictions	(2,112,341)	(715,063)
Change in temporarily restricted net assets	(325,154)	3,872,503
PERMANENTLY RESTRICTED NET ASSETS-		
Contributions	1,020,326	2,391,904
CHANGE IN NET ASSETS	(4,052,864)	6,190,266
NET ASSETS, beginning of year	57,060,687	50,870,421
NET ASSETS, end of year	$ 53,007,823	$ 57,060,687

See notes to consolidated financial statements.

LANCE ARMSTRONG FOUNDATION AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (4,052,864)	$ 6,190,266
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	178,397	218,955
Donated property and equipment	-	(35,000)
Unrealized and realized loss (gain) on securities, net	10,233,475	(658,073)
Contributions restricted for long-term investment	(1,020,326)	(2,391,904)
Change in assets and liabilities that provided (used) cash:		
Promises to give	(3,184)	(7,934,439)
Accounts receivable	(2,404,681)	2,504,860
Grants receivable	(117,740)	11,453
Prepaid expenses and other assets	146,340	(123,494)
Inventory	2,033,929	1,828,964
Accounts payable and accrued expenses	784,052	179,926
Deferred lease cost	(6,611)	(13,794)
Grants payable	(756,926)	252,902
Deferred revenue	592,064	(417,669)
Net cash provided (used) by operating activities	5,605,925	(387,047)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(7,253,341)	(3,155)
Proceeds from sale of securities	4,358,416	1,037,824
Purchase of securities and other investments	(1,960,426)	(4,243,468)
Net cash used in investing activities	(4,855,351)	(3,208,799)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings from line of credit	2,665,028	-
Contributions restricted for long-term investment	1,020,326	2,391,904
Net cash provided by financing activities	3,685,354	2,391,904
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,435,928	(1,203,942)
CASH AND CASH EQUIVALENTS, beginning of year	4,744,732	5,948,674
CASH AND CASH EQUIVALENTS, end of year	$ 9,180,660	$ 4,744,732
SUPPLEMENTAL CASH DISCLOSURES:		
Cash paid for interest	$ 85,998	$ -
Supplemental schedule of noncash investing activities:		
Acquisition of property and equipment with accounts payable	$ 391,551	$ -
Donated fixed assets	$ -	$ 35,000

See notes to consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation - The accompanying consolidated financial statements include the Lance Armstrong Foundation ("LAF"), Lance Armstrong Foundation Events ("LAFV"), Lance Armstrong Foundation Merchandise ("LAFM"), and the Lance Armstrong Foundation Endowment ("LAFE") (collectively referred to as the "Foundation"). Consolidation is required because financial control exists or control exists through majority voting interest of its board of directors and an economic interest exists. The individual entities have interrelated directors/trustees and share common facilities and personnel. Various expenses, including occupancy and administrative cost, have not been allocated between the entities. However, all significant intercompany accounts and transactions have been eliminated from the consolidated financial statements.

Organization - LAF was incorporated on January 9, 1997 as a non-profit organization. LAF 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. LAFE was incorporated on September 3, 2003 as a supporting organization for the purpose of holding and building the endowment fund and to establish and build other endowed funds to help ensure adequate funding for mission-related survivorship, community advocacy, and research and education programs of LAF. LAFV and LAFM were organized for the purpose of facilitating special event coordination and merchandise sales activities.

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 consolidated statement 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. At December 31, 2008 and 2007, temporarily restricted net assets were available for operations in subsequent years. 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.

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 197,880 and 192,908 hours to the Foundation's program services and fundraising campaigns during the years ended December 31, 2008 and 2007, respectively. These donated services are not reflected in the financial statements since the services do not require specialized skills.

Accounting Estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 - Cash and cash equivalents consist of cash held in checking and money market accounts. The Foundation considers all highly liquid instruments purchased with a maturity date 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.

Concentrations - Financial instruments that potentially subject the Foundation to credit risk consist primarily of cash equivalents and receivables. The Foundation places its cash and cash equivalents with a limited number of high quality financial institutions and at times may exceed the amount of insurance provided on such deposits. In October 2008, the Federal Deposit Insurance Corporation ("FDIC") increased the basic deposit insurance from $100,000 to $250,000 per depositor through December 31, 2009. The FDIC also implemented the Temporary Account Guarantee Program to provide temporary unlimited guarantee through December 31, 2009, for non-interest bearing and certain interest bearing transaction accounts at institutions electively participating in this program. Management does not believe a significant concentration of risk exists.

Receivables consist of accounts receivable, grants receivable and promises to give. The Foundation performs ongoing credit evaluations of its customers' financial condition. Historically, the Foundation has experienced no significant losses on receivables; however, in 2007 the Foundation and a donor mutually agreed to cancel an agreement entered into in 2006 in the amount of $1,000,000.

Fair Value Measurements - The Foundation measures and discloses fair value measurements in accordance with the Statement of Financial Accounting Standards No. 157 ("SFAS 157"), *Fair Value Measurement,* hierarchy. 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. There are three general valuation techniques that may be used to measure fair value, as described below:

A) Market approach **-** Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources;

B) Cost approach **-** Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and

C) Income approach - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Within the three valuation techniques, SFAS 157 requires characterization of the inputs used to determine fair value into a three-level fair value hierarchy as follows:

Level 1 **-** These inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the Foundation has the ability to access. 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 - These inputs relate to adjusting information from similar items that are traded in active markets or from identical or similar items in markets that are not active.

Level 3 - These inputs reflect the Foundation's own assumptions about the assumptions market participants would use in pricing the asset or liability.

Investment Securities - Investments in marketable securities with readily determinable fair values are valued at their fair value in the consolidated statement of financial position. Unrealized gains and losses at December 31, 2008 and 2007 are included in the change 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.

Board Designated Net Assets - Both LAF and the LAFE have board designated net assets. For the Foundation, the board designated net assets to ensure that sufficient reserves would be available if the need arose. For the Endowment, the trustees designated an amount that cannot be spent without prior board approval.

Adopted and Recently Issued Accounting Pronouncements - Effective January 1, 2008, the Foundation adopted the provisions of SFAS 157, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The provisions of SFAS 157 initially apply to all financial instruments that are measured and reported on a fair value basis. The adoption of SFAS 157 did not have any impact on the Foundation's financial position or change in net assets. The adoption of SFAS 157 resulted in additional disclosures that are presented in Note 5.

In February 2008, the Financial Accounting Standards Board ("FASB") issued FSP FAS 157-2, *Effective Date of FASB Statement No. 157*, which delayed the effective date of SFAS 157 for nonfinancial assets and liabilities recognized or disclosed at fair value on a non-recurring basis to fiscal years beginning after November 15, 2008. Management is still evaluating the effects the full implementation of SFAS 157 will have on its financial statements for the year ended December 31, 2009, primarily as it relates to nonfinancial assets and liabilities and the determination of impairment of nonfinancial assets and liabilities.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, effective for fiscal years beginning after November 15, 2007. SFAS 159 permits entities to choose to measure eligible financial instruments and other items at fair value under the SFAS 157 framework. Management is still evaluating the effects this pronouncement would have on its financial statements if it elected to implement the standard for the year ended December 31, 2009.

In August 2008, the FASB issued 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*. The adoption of FSP FAS 117-1 did not have any impact on the Foundation's financial position or change in net assets. The adoption of FSP FAS 117-1 resulted in additional disclosures that are presented in Note 15.

In May 2008, the American Institute of Certified Public Accountants ("AICPA") issued FSP SOP 94-3-1 and AAG HCO-1, *Omnibus Changes to Consolidation and Equity Method Guidance for Not-for-Profit Organizations*, which made several changes to the accounting guidance on consolidation and equity method accounting in AICPA SOP 94-3, *Reporting of Related Entities by Not-for-Profit Organizations*. Management is still evaluating the effect this will have on its consolidated financial statements for the year ended December 31, 2009.

Program Services:

Programs and Policy

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 each and 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 12 million cancer survivors in the United States are met. The Programs and Policy Department 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 Foundation provides research grants to institutions in the United States and abroad that address cancer survivorship. Applicants respond to a published RFP and grantees are selected based on a peer review conducted by advisors who represent a wide array of expertise in survivorship. The opportunity to support research and prove new interventions remains a high priority of the Foundation. The 2008 research grantees are addressing key recommendations from the National Action Plan on Cancer Survivorship and the reports of the Adolescent and Young Adult Oncology Progress Review Group. These grants focus on areas of need in cancer survivorship that will build on the body of knowledge and services focused on access to quality survivor care and services, adolescent and young adult health-related quality of life assessment and cost effectiveness of preventative survivorship interventions. Additionally, through co-sponsorship with the National Lung Cancer Partnership, new knowledge will be gained in the area of lung cancer survivorship.

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.

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- New York City, NY
- Ohio State University Cancer Institute, James Cancer Hospital and Solove Research Institute- Columbus, OH
- 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

Non-network centers receiving funding in 2008:

- Nevada Cancer Institute- Las Vegas, NV
- Dell Children's Medical Center of Central Texas- Austin, TX

Community Program **-** Through the Community Program, the Foundation funds initiatives that address the cancer survivorship issues of underserved populations. 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. Through the responsible investment of the Foundation's resources in community-centered initiatives, it is able to join fellow organizations in serving the underserved, raising and addressing neglected survivorship issues, and impacting people across the United States in a personal, meaningful way. In 2008, the Foundation awarded nearly $1 million in grants to eight community-based programs across the U.S. These grants focus on education for health care professionals and evidenced based interventions.

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. In 2008, the program was offered at YMCA branches in 10 cities across the U.S.

Cancer Transitions: Moving Beyond Treatment **-** The Foundation partnered with the Wellness Community, a non-profit organization dedicated to providing free emotional support, education and hope for people with cancer and their loved ones, to create *Cancer Transitions: Moving Beyond Treatment*, a six-week program for post-treatment cancer survivors. The program provides cancer survivors with the information, skills and tools to address exercise, nutrition, emotional health, quality of life and medical management after treatment ends. The program was piloted in 15 cities in 2007 and 2008.

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.

In addition, young survivors often are caught between the worlds of pediatric and adult oncology. They may face a variety of unique long-term effects that will need to be addressed over their lifetimes, such as: reentry into school or the workforce, insurance coverage issues, infertility as a result of treatment, neurocognitive effects or secondary malignancies.

The LIVESTRONG™ Young Adult Alliance is a coalition of organizations with the goal to improve the survival rates and quality of life for young adults with cancer between the ages of 15 and 40. The Alliance is committed to promoting research and the investigation of the problem, serving as a voice for the issue and promoting effective solutions.

The Foundation formed the LIVESTRONG™ Young Adult Alliance with the knowledge that unity is strength - by working together the Foundation can raise awareness and effect positive change for young adults with cancer. Since its founding in 2006, the LIVESTRONG™ Young Adult Alliance has more than doubled in size to include 112 member organizations.

Direct Services

LIVESTRONG™ Survivor*Care* - LIVESTRONG™ Survivor*Care* is for anyone affected by cancer. At any point in a survivor's or caregiver's cancer experience, the Foundation provides free professional support with:

- Emotional concerns and counseling needs
- Financial, insurance and job concerns
- Clinical trials and new treatments in development
- Locating and accessing local resources

In addition to direct support with cancer needs, LIVESTRONG™ Survivor*Care* provides educational resources that help survivors learn more about this disease. It helps survivors understand their diagnosis and treatment options. And for healthcare professionals, the Foundation provides the information, tools and training opportunities to help them effectively care for cancer patients.

Throughout 2008, the Foundation had nearly 700,000 touches in the lives of individuals affected by cancer through our Cancer Support Information and Services. This report includes information about the Foundation's reach to people affected by cancer through the LIVESTRONG™ Survivor*Care* as well as all print and online educational materials. A few highlights for 2008 include:

- The Foundation saved LIVESTRONG™ SurvivorCare clients $582,272 through negotiating discounts, maximizing available medication programs and overturning denials from insurance companies.
- The Foundation connected more than 1,300 individuals to information about new trials in development and clinical trials.
- The Foundation connected 2,100 individuals to information and help with financial, insurance and job concerns.
- The Foundation connected 2,665 individuals to support for emotional concerns and counseling needs.
- The Foundation helped 2,700 individuals get organized through worksheets downloaded from livestrong.org.cancersupport.
- The Foundation distributed more than 350,000 printed educational materials to cancer survivors, caregivers and healthcare providers.
- The Foundation created new cancer support information and services for underserved populations including:
    - A Spanish-language website available at www.livestrong.org/espanol
    - livestrong.org/ayaresources a web portal specifically for adolescents and young adults (aya) with cancer
    - LIVESTRONG™: A Podcast Series for Young Adults with Cancer that provide AYAs cancer information and support
    - Three, new language-specific *Living After Cancer Treatment* brochures for Arab American, Vietnamese, and Chinese cancer survivors

Advocacy, Government Relations and Health Policy

LIVESTRONG^{TM} Day **-** Each year, the Foundation invites supporters to participate in LIVESTRONG^{TM} Day, the one-day initiative to unite people affected by cancer. The goal is to raise awareness and funds for the cancer fight and to show support for people affected by cancer with these local community events.

In 2008, more than 600 LIVESTRONG^{TM} Day organizers across the country:

- Held Wear Yellow Day on LIVESTRONG^{TM} Day and encouraged friends, family, neighbors and coworkers to do the same.
- Wrote letters to the editors of local newspapers about the issues cancer survivors face and the need to make cancer a national and global priority.
- Called and wrote letters to elected officials in their district offices.
- Told their stories to colleagues, community organizations and groups of friends and family.
- Delivered LIVESTRONG^{TM} wristbands to elected officials in their local communities and educated them about cancer survivorship issues.
- Held candlelight vigils in honor of cancer survivors in their local communities.
- Had a local priest, minister or rabbi hold a survivorship spiritual ceremony at a local place of worship.
- Hosted a LIVESTRONG^{TM} Day event at their school and educated students about cancer awareness through the LIVESTRONG^{TM} at School program.

LIVESTRONG^{TM} Day events are unique to the location; the day is about doing something to make a difference in the fight against cancer in a way that is meaningful and comfortable to each community.

LIVESTRONG^{TM} Summit **-** The Foundation invited nearly 800 current and future leaders from across the country to the 2008 LIVESTRONG^{TM} Summit from July 24–27. The invited delegates were selected because they cared about cancer issues and are willing to champion the cause in their communities. They were inspired and empowered by renowned keynote speakers and hands-on training sessions, so they could return to their communities with the necessary tools to support the Foundation's efforts to make cancer a national priority. The LIVESTRONG^{TM} Summit took place at The Ohio State University campus in Columbus, Ohio, and included the LIVESTRONG^{TM} Presidential Town Hall on Cancer on July 24.

LIVESTRONG^{TM} Town Hall **-** The goal of the LIVESTRONG^{TM} Presidential Town Hall on Cancer was to make cancer part of the national dialogue and advance progress in the cancer fight. Both presidential candidates were invited to attend the Town Hall. President (then Senator) Barack Obama was unable to attend due to scheduling conflicts. Senator John McCain, a cancer survivor himself, spoke at the LIVESTRONG^{TM} Presidential Town Hall on Cancer. Lance Armstrong and broadcast journalist Paula Zahn co-moderated the event. Senator McCain spoke about improving access to health care, broadening access to clinical trials, shared his cancer plan and answered questions from the audience.

In part due to the Foundation's efforts to make cancer a campaign issue, both presidential candidates shared cancer plans prior to the election for the first time in history. President Obama, whose mother died of ovarian cancer in her early 50s and whose grandmother died of cancer just days before his inauguration, pledged to:

- Double federal funding for cancer research within five years, focusing on the National Institutes of Health and the National Cancer Institute.
- Ensure all Americans have affordable, accessible and quality health care.
- Ensure Americans have access to preventive health care.
- End insurance discrimination.
- Improve access to clinical trials.
- Improve federal coordination of cancer research, treatment and awareness programs, among other initiatives.

<u>Advocacy Coalitions</u> **-** The Foundation also participates as a member of two cancer advocacy coalitions: the One Voice Against Cancer (OVAC) coalition and the Cancer Leadership Council (CLC) in Washington, D.C. The President's Cancer Panel, of which Mr. Armstrong is a member, released their yearly report focusing on translational research.

International Program

In 2008, the Foundation identified opportunities to engage in programmatic work outside the United States. It engaged the services of Edelman to conduct a needs assessment and environmental scan of opportunities to address cancer internationally, including interviewing other cancer organizations and experts, conducting public opinion and media research, and collecting demographic and statistical information. Data collected informed the development of a comprehensive strategic planning process for international work that will begin in 2009.

The LIVESTRONG™ Global Cancer Campaign is the Foundation's effort to make cancer a global priority. The goals are:

1. To end the stigma of cancer and turn cancer victims into cancer survivors.
2. To build an international grassroots movement that will take cancer from isolation to collaboration.
3. Together with world leaders, to transform cancer from obscurity to priority.

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.

Advertising Costs - Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2008 and 2007 was $2,379,929 and $2,027,711, respectively.

Income Taxes - LAF, LAFV, LAFM, and LAFE are all non-profit corporations that are 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 prepares separate Internal Revenue Service Forms 990 for each entity.

Reclassification - Certain amounts in the prior year have been reclassified to conform to the amounts presented in the current year presentation.

Equity Method - In accordance with EITF Issue No. 03-1.6, *Accounting for Investments in Limited Liability Companies*, the Foundation has accounted for their investment in TPEP 2005 under the equity method by recording their respective share of earnings or loss.

2. 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 $109,052 in 2008 and $102,748 in 2007.

3. PROMISES TO GIVE

Unconditional promises to give were as follows at December 31,:

	2008	2007
Contributions due in less than one year	$ 3,934,850	$ 4,370,316
Contributions due in one to five years	5,609,551	5,158,057
Contributions due in more than five years	1,200,000	1,500,000
	10,744,401	11,028,373
Less allowance for bad debts	(201,591)	-
Less discount to net present value	(656,760)	(1,145,507)
	$ 9,886,050	$ 9,882,866

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 2008 and 5% in 2007. Promises to give are classified as Level 3 in accordance with the SFAS 157 hierarchy and have been valued using an income approach as follows:

	2008	2007
January 1	$ 9,882,866	$ 1,942,577
Change in present value	488,747	(1,042,010)
Change in allowance for bad debts	(201,591)	-
New promises to give	2,455,790	12,207,454
Payments received on existing promises	(2,739,762)	(3,225,155)
December 31	$ 9,886,050	$ 9,882,866

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31,:

	2008	2007
Furniture, fixtures and equipment	$ 1,794,416	$ 1,135,451
Land	968,400	-
Building	6,015,579	-
	8,778,395	1,135,451
Less accumulated depreciation	(997,015)	(820,566)
Property and equipment, net	$ 7,781,380	$ 314,885

5. INVESTMENTS

Investments are stated at fair value and consist primarily of common stocks and mutual funds. 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. These investments do not have a significant concentration of credit risk with any industry, geographic location, specific market sector or institution. 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, 2008:

		Fair Value Measurements Using:		
	Fair Value	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	$ 25,851,874	-	25,851,874	-
TIFF Short-Term Fund	3,965,715	-	3,965,715	-
	29,817,589	-	29,817,589	-
Limited Partnership:				
TIFF-PEP2005	1,127,370	-	-	1,127,370
	$ 30,944,959	-	29,817,589	1,127,370

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

January 1, 2008	$	819,470
Total gains or losses (realized/unrealized)		(52,100)
New investment contributions		360,000
December 31, 2008	$	1,127,370

Investments consisted of the following at December 31, 2007:

		Fair Value Measurements Using:		
	Fair Value	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	$ 34,925,938	-	34,925,938	-
TIFF Short-Term Fund	7,831,015	-	7,831,015	-
	42,756,953	-	42,756,953	-
Limited Partnership:				
TIFF-PEP2005	819,470	-	-	819,470
	$ 43,576,423	-	42,756,953	819,470

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

January 1, 2007	$	533,460
Total gains or losses (realized/unrealized)		(53,990)
New investment contributions		340,000
December 31, 2007	$	819,470

The Level 2 investments have been valued using a market approach. Level 3 investments have been valued using an income approach.

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

	2008	2007
Interest	$ 82,606	$ 170,990
Dividends	1,153,955	1,876,990
Capital gain distributions	123,429	2,020,371
Unrealized (losses) gains, net	(10,225,102)	665,662
Realized losses, net	(8,373)	(7,589)
	$ (8,873,485)	$ 4,726,424

Other investments consist of an investment in TPEP 2005, a limited liability company, which is accounted for under the equity method of accounting. In accordance with this method, the Foundation records their respective share of any earnings or loss. The Foundation has a related commitment to the company extending several years (see Note 10).

6. INVENTORY

Inventory consisted of the following program merchandise at December 31,:

	2008	2007
Finished goods	$ 2,388,592	$ 3,481,797
Raw materials	-	940,724
Total inventory	$ 2,388,592	$ 4,422,521

7. INTANGIBLES

In 2005 the Foundation purchased the rights to the trademark name LIVELONG LIVESTRONG™. Statement of Financial Accounting Standards No. 142 ("SFAS 142"), issued in 2001, defines a trademark as an intangible asset with an indefinite life. As such, SFAS 142 prohibits these assets' amortization; however, it does require that these assets be reviewed for impairment at least annually. During 2008, the Foundation tested this asset for impairment, utilizing the two-step process prescribed by SFAS 142. The first step is a search for potential impairments while the second step measures the amount of the impairment, if any. As a result of applying the impairment test, the Foundation determined that gross revenues derived from the use of the purchased trademark exceeded the trademark's carrying value; therefore, no impairment existed as of December 31, 2008.

8. GRANTS PAYABLE

During the years ended December 31, 2008 and 2007, the Foundation made grants to fund cancer research, support long term survivor clinics, and fund various community grants and sponsorships. The consolidated statement of grant history reflects the grants awarded as unconditional promises to give. Unconditional promises to give were as follows at December 31,:

	2008	2007
Payable in less than one year	$ 5,234,225	$ 6,634,148
Payable in one to five years	1,715,414	1,053,854
	6,949,639	7,688,002
Less discount to net present value	(116,540)	(97,977)
Grants payable, net	$ 6,833,099	$ 7,590,025

The discount rate applied to unconditional promises to give extending beyond one year from the grant date was 3% for 2008 and 5% for 2007.

9. LINE OF CREDIT

In January 2008, the Foundation obtained a $6,500,000 line of credit from a financial institution. The interest rate is the bank's prime rate minus 1.75% (1.5% at December 31, 2008). The line of credit is secured by all assets of the Foundation and matures in January 2010. As of December 31, 2008, $2,665,028 was outstanding on the line of credit.

10. LEASE COMMITMENTS AND CONTINGENCIES

The Foundation leases two office facilities and equipment under non-cancelable operating leases. The offices leases expired March 31, 2009. Rental expenses for the office lease and miscellaneous equipment for the years ended December 31, 2008 and 2007 were $485,559 and $541,689, respectively. Minimum future rentals are as follows:

2009	$ 143,351
2010	20,033
2011	7,020
2012	2,440
	$ 172,844

LAF and LAFE have agreed and committed to provide capital contributions of up to $1,000,000 each in TIFF Private Equity Partners 2005 (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, 2008, LAF and LAFE each had a remaining commitment to TPEP 2005 of $390,000. The initial investment period is a 12-year term expiring December 31, 2017, subject to extension for up to five consecutive one-year periods.

Litigation - 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.

11. TEMPORARILY RESTRICTED NET ASSETS

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

	2008	2007
Time restrictions	$ 5,086,541	$ 5,702,292
Program services	416,668	126,070
	$ 5,503,209	$ 5,828,362

12. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets resulted 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.

Permanently restricted net assets were as follows at December 31,:

	2008	2007
Larry and Dr. Nancy O’Reily, Lauran, Leigh, Ragan Family Fund	$ 1,135,712	$ 1,135,712
Stephanie Robins Lance Armstrong Endowment Fund	543,494	542,494
John and Michele Phua Lance Armstrong Endowment Fund	278,859	228,285
Dell Children’s Hospital Gift in Honor of Sandra Aragona	250,000	250,000
Susan E. Kuhn and Sevilla M. Trevisani and Thomas P. Trevisani, II Family Fund	27,420	27,420
Michael W. Lotz Memorial Fund	50,000	37,000
In Honor of the Staff of the Lance Armstrong Foundation	86,132	55,850
In Honor of Kathleen B. and James N. Sherwin	26,410	25,910
In Honor of Rainbow Babies and Children’s Hospital, Cleveland, OH	25,410	25,410
The Armstrong Family Fund	1,025,000	1,025,000
Karen and Everett Cook Endowment Fund	150,000	100,000
Coxe Family Fund	1,000,000	1,000,000
The Richard Desjardin Fund	25,000	25,000

The Rollins Family Fund	50,000	25,000
In Honor of Stephen M. O'Leary	200,000	200,000
In Honor of Renee Nicholas	32,775	-
In Honor of Betsy H. Schofield	600,000	-
CVCCA	40,000	-
Jeannette J. Jehl Memorial Fund	51,266	-
Ulman Family Fund	25,450	-
Unnamed Funds	149,744	99,686
Present value discount	(195,397)	(245,818)
	$ 5,577,275	$ 4,556,949

Endowment net asset composition by type of fund was as follows at December 31, 2008:

	Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	5,577,275	5,577,275
Undesignated endowment funds	5,379,785	-	5,379,785
Board designated endowment funds	9,157,406	-	9,157,406
Total funds	$ 14,537,191	5,577,275	20,114,466

The changes in endowment net assets for the year ended December 31, 2008 were as follows:

	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 21,534,126	4,556,949	26,091,075
Investment return	(5,881,318)	-	(5,881,318)
Contributions	-	1,020,326	1,020,326
Appropriation of endowment assets for expenditure	(1,115,617)	-	(1,115,617)
Endowment net assets, end of year	$ 14,537,191	5,577,275	20,114,466

Description of amounts classified as permanently restricted net assets (endowment only):

Permanently Restricted Net Assets-	
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	$ 5,577,275
Total endowment funds classified as permanently restricted net assets	$ 5,577,275

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 be available for other purposes as 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.

Endowment net asset composition by type of fund was as follows at December 31, 2007:

	Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	4,556,949	4,556,949
Undesignated endowment funds	12,376,720	-	12,376,720
Board designated endowment funds	9,157,406	-	9,157,406
Total funds	$ 21,534,126	4,556,949	26,091,075

The changes in endowment net assets for the year ended December 31, 2007 were as follows:

	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 19,478,532	2,165,045	21,643,577
Investment return	2,775,956	-	2,775,956
Contributions	-	2,391,904	2,391,904
Appropriation of endowment assets for expenditure	(720,362)	-	(720,362)
Endowment net assets, end of year	$ 21,534,126	4,556,949	26,091,075

Description of amounts classified as permanently restricted net assets (endowment only):

Permanently Restricted Net Assets-	
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	$ 4,556,949
Total endowment funds classified as permanently restricted net assets	$ 4,556,949

13. RELATED PARTY TRANSACTIONS

During 2008 and 2007, the Foundation received contributions of $1,149,342 and $1,083,794, respectively, from board members. During 2008 and 2007, the Foundation made grants and other payments of $5,608 and $2,295, respectively, to related parties. During 2008 and 2007, the Foundation had promises to give due from board members of $4,777,851 and $5,166,666, respectively.

14. FEDERAL GRANT AWARDED

The Department of Health and Human Services' Centers for Disease Control ("CDC") awarded the Foundation three federal grants in support of early detection or survivorship of cancer in underserved populations, the LIVESTRONG™ Cancer Survivorship Resource Center, and cancer prevention and control. The grants vary in length from one to five years and are based upon allowable expenses paid. These grants are awarded each year and are subject to annual renewal. Through December 31, 2008 and 2007, the Foundation had incurred reimbursable expenditures of $1,113,837 and $855,329, respectively.

15. PROGRAM ACTIVITIES

The foundation conducts a variety of program services to cancer survivors, their caregivers, and families. Specifically, program expenses were as follows for the year ended December 31,:

	2008	2007
Grants and programs	$ 13,485,452	$ 8,431,804
Education and program development	7,268,168	8,340,093
Government relations	997,955	324,016
Programs and policy - general	1,962,285	1,739,055
Grassroots advocacy	3,800,251	4,440,459
	$ 27,514,111	$ 23,275,427

16. FUNCTIONAL EXPENSES

Functional expenses for the year ended December 31, 2008 consisted of the following:

	Total	Program	Management and General	Fundraising
Grants and awards	$ 8,660,293	8,660,293	-	-
Salaries, wages, and benefits	5,294,595	4,006,592	438,754	849,249
Payroll taxes	331,081	250,563	26,687	53,831
Retirement plan contributions	110,890	87,069	7,964	15,857
Contract services	1,524,356	892,866	198,093	433,397
Other	1,336,226	898,644	204,343	233,239
Telephone	93,006	53,500	21,351	18,155
Postage and parcel post	834,886	795,109	14,221	25,556
Occupancy	626,848	170,496	182,757	273,595
Other rent	942,032	530,849	198,007	213,176
Printing and publications	376,706	289,372	46,072	41,262
Entertainment	14,657	9,745	2,660	2,252
Travel	1,479,473	1,291,939	62,372	125,162
Legal and professional	4,911,712	3,877,707	180,505	853,500
Professional fundraising fees	855,218	766,174	6,369	82,675
Advertising	2,379,929	1,691,178	342,800	345,951
Bad debt/taxes/miscellaneous	234,886	120,656	18,569	95,661
Bank service fees	472,422	228,836	86,938	156,648
Insurance	157,463	61,904	33,463	62,096
Permits	22,134	11,936	4,344	5,854
Notebook and merchandise giveaway	1,849,777	1,839,991	1,924	7,862
Technology	1,397,462	934,093	247,791	215,578
Depreciation and amortization	178,397	44,599	53,519	80,279
	$ 34,084,449	27,514,111	2,379,503	4,190,835

Functional expenses for the year ended December 31, 2007 consisted of the following:

		Total	Program	Management and General	Fundraising
Grants	$	9,860,753	9,860,753	-	-
Salaries, wages, and benefits		4,424,108	2,251,617	1,1 53,608	1,018,883
Payroll taxes		276,915	184,247	28,473	64,195
Contract services, cancellations and adjustments		1,783,506	389,366	67,631	1,326,509
Supplies		636,986	397,200	50,496	189,290
Telephone		97,786	66,903	12,146	18,737
Postage		299,357	229,001	8,322	62,034
Occupancy		308,861	153,486	53,580	101,795
Other rent		564,148	252,276	102,183	209,689
Printing and publications		451,093	390,432	14,472	46,189
Entertainment		88,408	44,985	7,374	36,049
Travel		983,194	866,568	31,276	85,350
Consulting		6,189,295	4,518,480	351,899	1,318,916
Advertising		2,027,711	1,139,814	287,263	600,634
Miscellaneous		16,688	7,819	1,484	7,385
Bank and credit card fees		338,062	159,779	33,643	144,640
Insurance		76,148	41,077	9,820	25,251
Permits		11,118	6,392	1,871	2,855
Audio/video		212,010	158,708	18,452	34,850
Education and public awareness		1,848,957	1,643,553	66,986	138,418
Technology		518,345	384,225	51,001	83,119
Depreciation		218,955	128,746	38,974	51,235
	$	31,232,404	23,275,427	2,390,954	5,566,023

SUPPLEMENTAL INFORMATION

LANCE ARMSTRONG FOUNDATION AND AFFILIATES

CONSOLIDATED STATEMENT OF PROGRAM EXPENSES
DECEMBER 31, 2008

	Total Programs	Grants and Programs	Education and Program Development	Government Relations	Programs and Policy	Grassroots Advocacy
Grants and awards	$ 8,660,293	6,451,644	1,958,649	-	250,000	-
Salaries, wages, and benefits	4,006,592	1,601,480	972,243	218,547	523,120	691,202
Payroll taxes	250,563	98,947	60,382	14,539	33,941	42,754
Retirement plan contributions	87,069	36,593	22,739	5,300	12,766	9,671
Contract services	892,866	433,645	249,666	28,652	58,701	122,202
Other	898,644	327,453	132,695	34,541	40,475	363,480
Telephone	53,500	23,700	8,329	1,799	3,425	16,247
Postage and parcel post	795,109	162,161	269,972	3,776	324,648	34,552
Occupancy	170,496	83,565	45,038	6,184	12,160	23,549
Other rent	530,849	234,980	167,439	17,064	33,553	77,813
Printing and publications	289,372	89,970	123,736	26,510	14,150	35,006
Entertainment	9,745	4,767	1,491	204	403	2,880
Travel	1,291,939	298,751	167,713	83,576	92,955	648,944
Legal and professional	3,877,707	2,013,993	938,094	290,840	89,944	544,836
Professional fundraising fees	766,174	58,417	31,485	4,323	8,500	663,449
Advertising	1,691,178	532,117	422,346	233,985	102,497	400,233
Bad debt/taxes/miscellaneous	120,656	63,765	29,475	4,047	7,958	15,411
Bank service fees	228,836	111,394	60,092	8,267	16,261	32,822
Insurance	61,904	30,341	16,353	2,245	4,415	8,550
Permits	11,936	5,850	3,153	433	851	1,649
Notebook and merchandise giveaway	1,839,991	12,430	1,499,261	1,109	307,939	19,252
Technology	934,093	787,630	76,036	10,396	20,442	39,589
Depreciation	44,599	21,859	11,781	1,618	3,181	6,160
	$ 27,514,111	13,485,452	7,268,168	997,955	1,962,285	3,800,251

LANCE ARMSTRONG FOUNDATION AND AFFILIATES

CONSOLIDATED STATEMENT OF GRANT HISTORY
DECEMBER 31, 2008

	1999 and Prior	2000	2001	2002	2003	2004	2005	2006	2007	2008	TOTAL
Grants payable January 1,	$ 97,523	139,272	694,747	2,078,272	2,736,149	3,420,931	4,561,969	9,540,676	7,337,123	7,590,025	-
Grants awarded	459,257	1,360,026	2,042,171	2,225,643	3,623,374	6,186,800	14,976,455	12,891,166	9,534,130	8,800,140	62,099,162
Grant payments and other	(319,985)	(804,551)	(658,646)	(1,567,766)	(2,938,592)	(5,045,762)	(9,997,748)	(15,094,719)	(9,281,228)	(9,557,066)	(55,266,063)
Grants payable December 31,	$ 236,795	694,747	2,078,272	2,736,149	3,420,931	4,561,969	9,540,676	7,337,123	7,590,025	6,833,099	6,833,099

LANCE ARMSTRONG FOUNDATION AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008

	Lance Armstrong Foundation	Lance Armstrong Foundation Endowment	Lance Armstrong Foundation Merchandise	Lance Armstrong Foundation Events	Elimination	Consolidated Total
ASSETS:						
Cash and cash equivalents	$ 2,702,043	523,167	5,061,682	893,768	-	9,180,660
Investment securities	12,128,319	17,689,270	-	-	-	29,817,589
Promises to give, net	7,234,469	-	790	490,146	-	7,725,405
Promises to give, net - endowment	-	2,160,645	-	-	-	2,160,645
Accounts receivable	94,168	2,800	4,250,227	38,861	-	4,386,056
Grants receivable	142,310	-	-	-	-	142,310
Due from affiliate	6,941,386	-	-	-	(6,941,386)	-
Prepaid expenses and other assets	248,855	-	76,835	22,899	-	348,589
Intangibles	564,390	-	-	-	-	564,390
Inventory	6,095	-	2,382,497	-	-	2,388,592
Other investments	563,685	563,685	-	-	-	1,127,370
Property and equipment, net	7,781,380	-	-	-	-	7,781,380
Total assets	$ 38,407,100	20,939,567	11,772,031	1,445,674	(6,941,386)	65,622,986
LIABILITIES:						
Accounts payable and accrued expenses	$ 1,867,156	-	608,455	26,860	-	2,502,471
Due to affiliate	-	825,101	5,952,309	163,976	(6,941,386)	-
Grants payable, net	6,833,099	-	-	-	-	6,833,099
Line of credit	2,665,028	-	-	-	-	2,665,028
Deferred revenue	4,340	-	-	610,224	-	614,564
Total liabilities	11,369,623	825,101	6,560,764	801,060	(6,941,386)	12,615,162
NET ASSETS:						
Unrestricted:						
Undesignated	19,567,157	5,379,785	5,211,267	611,725		30,769,934
Designated	2,000,000	9,157,406	-	-	-	11,157,406
Total unrestricted	21,567,157	14,537,191	5,211,267	611,725	-	41,927,340
Temporarily restricted	5,470,320	-	-	32,889	-	5,503,209
Permanently restricted	-	5,577,275	-	-	-	5,577,275
Total net assets	27,037,477	20,114,466	5,211,267	644,614	-	53,007,824
Total liabilities and net assets	$ 38,407,100	20,939,567	11,772,031	1,445,674	(6,941,386)	65,622,986

LANCE ARMSTRONG FOUNDATION AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2008

	Lance Armstrong Foundation	Lance Armstrong Foundation Endowment	Lance Armstrong Foundation Merchandise	Lance Armstrong Foundation Events	Elimination	Consolidated Total
UNRESTRICTED NET ASSETS:						
Revenues and other support:						
Contributions	$ 29,346,951	44,095	(14,301,616)	(4,967,208)	(764,999)	9,357,223
Grant revenue	1,113,837	-	-	-	-	1,113,837
Program merchandise and services	-	-	5,167,500	-	-	5,167,500
Program merchandise and services promotional cost	-	-	(2,038,040)	-	-	(2,038,040)
Special event revenues	77,166	-	-	10,619,330	-	10,696,496
Cost of direct benefits to donors	(412,817)	-	-	(733,429)	-	(1,146,246)
Investment income	(3,012,102)	(5,881,319)	13,275	6,661	-	(8,873,485)
Royalties	(62,623)	-	13,050,469	-	-	12,987,846
Other income/expense	(41,059)	-	-	-	-	(41,059)
Total net revenue and other support	27,009,353	(5,837,224)	1,891,588	4,925,354	(764,999)	27,224,072
Net assets released from restrictions	2,112,341	-	-	-	-	2,112,341
	29,121,694	(5,837,224)	1,891,588	4,925,354	(764,999)	29,336,413
Expenses:						
Program services	23,904,566	1,079,200	831,416	2,463,928	(764,999)	27,514,111
Management and general	1,143,732	29,227	24,302	1,182,242	-	2,379,503
Fundraising	2,771,776	51,284	423,657	944,118	-	4,190,835
Total expenses	27,820,074	1,159,711	1,279,375	4,590,288	(764,999)	34,084,449
Increase (Decrease) in unrestricted net assets	1,301,620	(6,996,935)	612,213	335,066	-	(4,748,036)
TEMPORARILY RESTRICTED NET ASSETS:						
Contributions	1,754,298	-	-	32,889	-	1,787,187
Net assets released from restrictions	(2,112,341)	-	-	-	-	(2,112,341)
Increase in temporarily restricted net assets	(358,043)	-	-	32,889	-	(325,154)
PERMANENTLY RESTRICTED NET ASSETS-						
Contributions	-	1,020,326	-	-	-	1,020,326
CHANGE IN NET ASSETS:	943,577	(5,976,609)	612,213	367,955	-	(4,052,864)
Net assets, beginning of year	26,093,900	26,091,075	4,599,054	276,659	-	57,060,688
Net assets, end of year	$ 27,037,477	20,114,466	5,211,267	644,614	-	53,007,824