



THE LEUKEMIA & LYMPHOMA SOCIETY, INC.

Consolidated Financial Statements

June 30, 2010

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154

Independent Auditors' Report

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

We have audited the accompanying consolidated statement of financial position of The Leukemia & Lymphoma Society, Inc. (LLS) as of June 30, 2010, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of LLS's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from LLS's 2009 consolidated financial statements and, in our report dated September 15, 2009, we expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LLS's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Leukemia & Lymphoma Society, Inc. as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

KPMG LLP

September 15, 2010

The Leukemia & Lymphoma Society, Inc.

Consolidated Statement of Financial Position
June 30, 2010
(with comparative amounts at June 30, 2009)
(in thousands)

	<u>2010</u>	<u>2009</u>
Assets		
Cash and cash equivalents	\$ 21,196	\$ 28,196
Prepaid expenses and other assets	4,577	4,314
Accounts receivable	130	75
Legacies and contributions receivable, net (note 2)	18,417	22,752
Investments (note 3)	177,489	161,623
Fixed assets, less accumulated depreciation and amortization of \$7,965 and \$12,544	<u>5,132</u>	<u>4,616</u>
Total assets	<u><u>\$ 226,941</u></u>	<u><u>\$ 221,576</u></u>
 Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 16,448	\$ 14,682
Deferred revenue	16,940	15,479
Grants payable (notes 4 and 5)	<u>80,580</u>	<u>85,768</u>
Total liabilities	<u>113,968</u>	<u>115,929</u>
Net assets (note 9):		
Unrestricted	88,617	78,551
Temporarily restricted	20,668	23,596
Permanently restricted	<u>3,688</u>	<u>3,500</u>
Total net assets	<u>112,973</u>	<u>105,647</u>
Total liabilities and net assets	<u><u>\$ 226,941</u></u>	<u><u>\$ 221,576</u></u>

See accompanying notes to consolidated financial statements.

The Leukemia & Lymphoma Society, Inc.

Consolidated Statement of Activities
Year ended June 30, 2010
(with summarized totals for the year ended June 30, 2009)
(in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2010	2009
Revenue					
Campaign contributions	\$ 247,939	\$ 31,885	\$ 84	\$ 279,908	\$ 291,521
Less direct donor benefit costs	(36,635)	-	-	(36,635)	(39,077)
Net campaign contributions	211,304	31,885	84	243,273	252,444
Legacies	4,045	3,009	-	7,054	26,459
Donated services (note 1)	6,819	-	-	6,819	6,829
Net interest and dividend income (note 3)	4,351	53	26	4,430	6,467
Net increase (decrease) in fair value of investments	11,238	19	78	11,335	(7,315)
Grant refunds	1,897	-	-	1,897	2,768
Net assets released from restrictions	37,894	(37,894)	-	-	-
Total revenue	277,548	(2,928)	188	274,808	287,652
Expenses (note 10)					
<i>Program Services:</i>					
Research	70,910	-	-	70,910	69,786
Patient and community service	83,406	-	-	83,406	93,448
Public health education	41,597	-	-	41,597	41,331
Professional education	8,073	-	-	8,073	8,497
Total program services	203,986	-	-	203,986	213,062
<i>Supporting Services:</i>					
Management and general	22,462	-	-	22,462	23,259
Fund raising	41,255	-	-	41,255	43,132
Total supporting services	63,717	-	-	63,717	66,391
Total expenses	267,703	-	-	267,703	279,453
Change in net assets before foreign currency translation adjustment	9,845	(2,928)	188	7,105	8,199
Foreign currency translation adjustment	221	-	-	221	(648)
Change in net assets	10,066	(2,928)	188	7,326	7,551
Net Assets					
Beginning of year	78,551	23,596	3,500	105,647	98,096
End of year	\$ 88,617	\$ 20,668	\$ 3,688	\$ 112,973	\$ 105,647

See accompanying notes to consolidated financial statements.

The Leukemia & Lymphoma Society, Inc.

Consolidated Statement of Functional Expenses
Year ended June 30, 2010
(with comparative totals for the year ended June 30, 2009)
(in thousands)

	Program Services					Supporting Services							
	Research	Patient and community service	Public health education	Professional education	Total	Management and general	Fund raising	Total	Total		Direct donor benefit costs		
									2010	2009	2010	2009	
Awards and grants	\$ 58,714	\$ -	\$ -	\$ -	\$ 58,714	\$ -	\$ -	\$ -	\$ 58,714	\$ 63,542	\$ -	\$ -	
Therapy acceleration program (note 6)	8,227	-	-	-	8,227	-	-	-	8,227	2,294	-	-	
Financial aid to patients	-	6,059	-	-	6,059	-	-	-	6,059	7,437	-	-	
Co-pay assistance (note 5)	-	14,003	-	-	14,003	-	-	-	14,003	19,211	-	-	
Donated services	1,034	5,785	-	-	6,819	-	-	-	6,819	6,829	-	-	
Salaries	1,339	27,758	15,886	4,191	49,174	7,463	9,013	16,476	65,650	71,606	-	-	
Employee benefits and taxes (note 7)	223	7,612	4,929	1,258	14,022	2,142	3,261	5,403	19,425	19,792	-	-	
Occupancy (note 8)	40	3,378	2,363	631	6,412	1,043	1,389	2,432	8,844	9,172	-	-	
Insurance	10	212	159	28	409	57	113	170	579	632	-	-	
Telephone	36	1,844	1,036	167	3,083	304	1,031	1,335	4,418	5,211	-	-	
Travel	48	754	549	139	1,490	293	318	611	2,101	2,305	11,633	13,054	
Printing and supplies	183	2,707	5,901	378	9,169	3,762	8,746	12,508	21,677	21,812	5,813	5,781	
Equipment rentals and maintenance	15	705	486	124	1,330	212	316	528	1,858	2,221	-	-	
Postage and shipping	18	993	3,676	140	4,827	1,942	6,253	8,195	13,022	13,535	-	-	
Meetings	423	2,396	753	204	3,776	359	412	771	4,547	4,273	8,965	9,127	
Professional fees	567	7,430	4,731	509	13,237	4,212	9,646	13,858	27,095	25,101	3,496	3,776	
Miscellaneous	6	1,100	672	204	1,982	493	410	903	2,885	2,763	6,728	7,339	
Depreciation and amortization	27	670	456	100	1,253	180	347	527	1,780	1,717	-	-	
Total expenses	\$ 70,910	\$ 83,406	\$ 41,597	\$ 8,073	\$ 203,986	\$ 22,462	\$ 41,255	\$ 63,717	\$ 267,703	\$ 279,453	\$ 36,635	\$ 39,077	

See accompanying notes to consolidated financial statements.

The Leukemia & Lymphoma Society, Inc.

Consolidated Statement of Cash Flows
Year ended June 30, 2010
(with comparative amounts for the year ended June 30, 2009)
(in thousands)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ 7,326	\$ 7,551
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net (increase) decrease in fair value of investments	(11,335)	7,315
Permanently restricted revenue collected	(84)	(119)
Depreciation and amortization	1,780	1,717
Increase in allowance for uncollectible accounts	415	413
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(263)	493
Accounts receivable	(55)	1,285
Legacies and contributions receivable	3,920	(15,998)
Accounts payable and accrued expenses	1,766	(6,018)
Deferred revenue	1,461	(1,695)
Grants payable	(5,188)	4,098
Net cash used in operating activities	<u>(257)</u>	<u>(958)</u>
Cash flows from investing activities:		
Purchases of fixed assets	(2,296)	(1,185)
Purchases of investments	(119,968)	(186,225)
Sales of investments	115,437	180,265
Net cash used in investing activities	<u>(6,827)</u>	<u>(7,145)</u>
Cash flows from financing activities:		
Permanently restricted contributions collected	84	119
Net cash provided by financing activities	<u>84</u>	<u>119</u>
Net decrease in cash and cash equivalents	(7,000)	(7,984)
Cash and cash equivalents at beginning of year	28,196	36,180
Cash and cash equivalents at end of year	<u><u>\$ 21,196</u></u>	<u><u>\$ 28,196</u></u>

See accompanying notes to consolidated financial statements.

The Leukemia & Lymphoma Society, Inc.

Notes to Consolidated Financial Statements

June 30, 2010

(with comparative amounts as of and for the year ended June 30, 2009)

1. Organization and Significant Accounting Policies

Organization

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

Tax-Exempt Status

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

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

Principles of Consolidation

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

Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires LLS's management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The significant estimates made in the preparation of these consolidated financial statements include the fair value of alternative investments, the allowance for uncollectible accounts, and the allocation of expenses. Actual results could differ from those estimates.

The Leukemia & Lymphoma Society, Inc.

Notes to Consolidated Financial Statements

June 30, 2010

(with comparative amounts as of and for the year ended June 30, 2009)

1. Continued

Risks and Uncertainties

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

Summarized Financial Information

The consolidated financial statements are presented with 2009 summarized or comparative information. With respect to the consolidated statement of activities, such prior year information is not presented by net asset class and, in the consolidated statement of functional expenses, 2009 expenses by object are presented in total rather than by functional category. Accordingly, such information should be read in conjunction with LLS's 2009 consolidated financial statements from which the summarized information was derived.

Subsequent Events

LLS evaluated subsequent events after the statement of financial position date of June 30, 2010 through September 15, 2010, which was the date the consolidated financial statements were issued, and concluded that no additional disclosures are required.

Net Asset Classifications

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

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

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

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

The Leukemia & Lymphoma Society, Inc.

Notes to Consolidated Financial Statements

June 30, 2010

(with comparative amounts as of and for the year ended June 30, 2009)

1. Continued

Foreign Currency Translation

LLSC uses the Canadian dollar as its functional currency. Accordingly, the currency impact of the translation of the financial statements of LLSC to U.S. dollars is included as a translation adjustment in the consolidated statement of activities.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

LLS follows the provisions of Accounting Standards Codification (ASC) 820, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* (ASC 820), for certain alternative investments that do not have readily determinable fair values, including hedge funds, limited partnerships, and other funds. This guidance allows, as a practical expedient, for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value, using net asset value per share or its equivalent, as reported by the investment managers.

Most investments classified in Levels 2 and 3 consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Because the net asset value reported by each fund is used as a practical expedient to estimate fair value of LLS's interest therein, its classification in Level 2 or 3 is based on LLS's ability to redeem its interest at or near June 30. If the interest can be redeemed in the near term, the investment is classified as Level 2. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

The Leukemia & Lymphoma Society, Inc.

Notes to Consolidated Financial Statements

June 30, 2010

(with comparative amounts as of and for the year ended June 30, 2009)

1. Continued

Contributions and Deferred Revenue

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

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

Donated Services

LLS has determined that certain of the donated services it receives meet the criteria for recognition in the consolidated financial statements. Specifically, the donated services of family support group facilitators and research grant reviewers in the amount of \$6,819,000 in 2010 and \$6,829,000 in 2009 have been valued and are reported as both revenue and expense.

Cash Equivalents

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

Investments

Investments are stated at fair value based upon quoted market prices, except for the fair values of funds of hedge funds and limited partnerships, which are based on net asset values provided by the fund managers and general partners, respectively, based upon the underlying net assets of the funds consistent with the concepts of ASC 820. These values are reviewed and evaluated by management.

Fixed Assets and Depreciation

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

The Leukemia & Lymphoma Society, Inc.

Notes to Consolidated Financial Statements

June 30, 2010

(with comparative amounts as of and for the year ended June 30, 2009)

1. Continued

Recent Accounting Standards

In 2010, LLS adopted ASC 740, *Accounting for Uncertainty in Income Taxes*. LLS evaluated the impact of adopting the accounting and disclosure requirements of ASC 740 for uncertainties in income taxes recognized in the consolidated financial statements, which prescribes a threshold of more-likely-than-not for recognition and de-recognition of tax positions taken or expected to be taken in a tax return. There was no significant impact to LLS's consolidated financial statements as a result of the adoption of ASC 740.

2. Legacies and Contributions Receivable

LLS's legacies and contributions receivable at June 30, 2010 and 2009 consist of unconditional promises to give and legacies for which the underlying wills have been declared valid by the probate court and no other conditions are required to be met. Amounts are scheduled to be received as follows (in thousands):

	<u>2010</u>	<u>2009</u>
Less than one year	\$16,675	\$21,154
1 to 5 years	3,157	2,334
After 5 years	232	208
Subtotal	<u>20,064</u>	<u>23,696</u>
Less allowance for uncollectible accounts	(1,164)	(749)
Less discount to present value (5%)	(483)	(195)
Total	<u>\$18,417</u>	<u>\$22,752</u>

Approximately, 54% and 60% of LLS's legacies and contributions receivable are from one estate at June 30, 2010 and 2009, respectively.

The Leukemia & Lymphoma Society, Inc.

Notes to Consolidated Financial Statements

June 30, 2010

(with comparative amounts as of and for the year ended June 30, 2009)

3. Investments

The following table presents LLS's fair value hierarchy of investments measured at fair value on an annual basis as of June 30, 2010 and 2009 (in thousands).

	2010	Level 1	Level 2	Level 3
Money market funds and cash	\$ 537	\$ 537	\$ -	\$ -
Fixed income:				
Long duration fixed income	53,153	53,153	-	-
Low duration fixed income	41,787	41,787	-	-
Other	3,498	-	3,498	-
Equities:				
Large cap equity	14,149	14,149	-	-
International equity	5,572	5,572	-	-
Small cap equity	3,521	3,283	238	-
Real return	8,175	8,175	-	-
Small/mid cap equity	641	-	641	-
Alternative investments:				
Funds of hedge funds	35,004	-	19,462	15,542
Limited partnership equity indices	11,452	-	11,002	450
	<u>\$177,489</u>	<u>\$126,656</u>	<u>\$34,841</u>	<u>\$15,992</u>
	2009	Level 1	Level 2	Level 3
Money market funds and cash	\$ 1,514	\$ 1,514	\$ -	\$ -
Fixed income:				
Long duration fixed income	64,162	64,162	-	-
Low duration fixed income	49,216	49,216	-	-
Other	3,490	3,490	-	-
Equities:				
Large cap equity	9,817	9,817	-	-
All cap equity	1,932	1,932	-	-
International equity	5,772	5,772	-	-
Small cap equity	6,394	6,394	-	-
Small/mid cap equity	1,023	1,023	-	-
Alternative investments:				
Funds of hedge funds	4,148	2,000	-	2,148
Limited partnership equity indices	14,155	-	-	14,155
	<u>\$161,623</u>	<u>\$145,320</u>	<u>\$ -</u>	<u>\$16,303</u>

The Leukemia & Lymphoma Society, Inc.

Notes to Consolidated Financial Statements

June 30, 2010

(with comparative amounts as of and for the year ended June 30, 2009)

3. Continued

Investment expenses of \$580,000 and \$568,000 have been netted against interest and dividend income for the years ended June 30, 2010 and 2009, respectively. The unrealized gains and losses were \$10,344,000 and \$(5,923,000) for the years ended June 30, 2010 and 2009, respectively.

LLS invests in certain alternative investments, through “funds of hedge funds” investments, which invest in multiple strategies through a portfolio of hedge fund managers to provide diversification and reduce manager risk. These strategies create indirect exposure to LLS through short sales of securities, trading in future and forward contracts, and other derivative products. Derivatives are investment contracts used to hedge risk. While these financial instruments may contain varying degrees of risk, LLS’s risk with respect to such transactions is limited to its capital balance in each investment.

The underlying holdings of the limited partnership equity indices are principally domestic and international marketable securities.

LLS’s alternative investments contain various redemption restrictions with required written notice ranging from 70 to 90 days. As of June 30, 2010, the following table summarizes the composition of such investments at fair value by the various redemption provisions (in thousands):

<u>Redemption Period</u>	<u>Amount</u>
Monthly	\$13,003
Quarterly	17,461
1 year lock-up	<u>15,992</u>
Total	<u><u>\$46,456</u></u>

As of June 30, 2010 and 2009, LLS has no unfunded commitments on its alternative investments.

The Leukemia & Lymphoma Society, Inc.

Notes to Consolidated Financial Statements

June 30, 2010

(with comparative amounts as of and for the year ended June 30, 2009)

3. Continued

The following table presents a reconciliation for all Level 3 assets measured at fair value as of June 30, 2010 and 2009 (in thousands).

	Level 3 Assets	
	2010	2009
Balance at July 1	\$16,303	\$19,334
Purchases	15,750	2,000
Investment expense	(131)	(103)
Investment income	-	332
Net increase (decrease) in fair value	286	(5,260)
Transfers to Level 2	(16,216)	-
Balance at June 30	<u>\$15,992</u>	<u>\$16,303</u>

4. Awards and Grants

Awards and grants for research are recognized as expense in the year approved by LLS's Board of Directors. Multi-year grants, which are generally two to five years in length, are approved on an annual basis and may be terminated at the discretion of LLS's Board of Directors. In addition to unconditional grants payable of \$80,580,000 at June 30, 2010, LLS has grant commitments of \$67,433,000 that are conditioned upon future events and, accordingly, are not recorded.

5. Co-Pay Assistance Program

The Co-Pay Assistance program offers assistance to patients in meeting their insurance co-pay obligations for prescription medications or private/public health insurance premiums. Amounts awarded under the program are expensed in the year approved based on the available funding in the program. Approximately \$4,374,000 and \$7,448,000 were included in the grants payable balances for amounts awarded but unpaid at June 30, 2010 and 2009, respectively.

The Leukemia & Lymphoma Society, Inc.

Notes to Consolidated Financial Statements

June 30, 2010

(with comparative amounts as of and for the year ended June 30, 2009)

6. Therapy Acceleration Program (TAP)

TAP is LLS's strategic initiative to speed the development of blood-cancer treatments and supportive diagnostics by creating business alliances with biotechnology and pharmaceutical companies. TAP provides funding for investigational new drug-enabling studies and clinical-stage projects. TAP contracts are recognized as an expense in the year program milestones are achieved. Multi-year contracts, which are generally two to three years in length, are reviewed against milestones on a quarterly basis and may be terminated at the discretion of LLS's Board of Directors. LLS has contract commitments of \$22,230,000 at June 30, 2010 that are conditioned upon future events and, accordingly, are not recorded.

7. Pension Plan

LLS has a defined contribution 403(b) pension plan covering all employees meeting age and service requirements. Contributions are based on a percentage of each eligible employee's salary and years of service. Expense under this plan aggregated \$4,072,000 and \$4,105,000 for the years ended June 30, 2010 and 2009, respectively.

LLS has a 457(b) deferred compensation plan (the 457 Plan), for its executive staff. The 457 Plan is a nonqualified deferred compensation plan subject to the provisions of the Internal Revenue Code Section 457. Expenses under the 457 Plan approximated \$120,000 and \$170,000 for the years ended June 30, 2010 and 2009, respectively. The assets and liabilities of the 457 Plan are included in investments and accounts payable in the accompanying consolidated statement of financial position and amounted to approximately \$546,000 and \$437,000 at June 30, 2010 and 2009, respectively.

8. Lease Commitments

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

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

<u>Year ending June 30:</u>	
2011	\$ 7,502
2012	6,814
2013	5,139
2014	4,285
2015	3,889
Thereafter	2,920
Total	<u>\$30,549</u>

The Leukemia & Lymphoma Society, Inc.

Notes to Consolidated Financial Statements

June 30, 2010

(with comparative amounts as of and for the year ended June 30, 2009)

9. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets and the income earned on permanently restricted net assets are available for the following purposes at June 30, 2010 and 2009 (in thousands):

	2010		2009	
	Temporarily Restricted	Permanently Restricted	Temporarily Restricted	Permanently Restricted
Time restrictions	\$12,344	\$ -	\$16,566	\$ -
Research	3,983	3,123	2,241	2,917
Patient service	4,180	516	4,658	420
Other	161	49	131	163
Total	<u>\$20,668</u>	<u>\$3,688</u>	<u>\$23,596</u>	<u>\$ 3,500</u>

LLS follows the Uniform Management of Institutional Funds Act (UMIFA). LLS has interpreted UMIFA as requiring the preservation of the original gift of the donor-restricted endowment fund absent donor stipulations to the contrary. On July 1, 2010, the New York State Assembly and Senate passed the Uniform Prudent Management of Institutional Funds Act legislation, and the bill is awaiting action by the Governor. Accordingly, if passed in 2011, LLS will be required to adopt the net asset classification requirements of ASC 958-205, *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 following table presents changes in the donor-restricted endowment funds for the year ended June 30, 2010 (in thousands).

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets at July 1	\$1,396	\$397	\$3,500	\$5,293
Investment (expense) income	(74)	65	104	95
Net appreciation	473	-	-	473
Contributions	-	-	84	84
Net assets released	100	(100)	-	-
Endowment net assets at June 30	<u>\$1,895</u>	<u>\$362</u>	<u>\$3,688</u>	<u>\$5,945</u>

The Leukemia & Lymphoma Society, Inc.

Notes to Consolidated Financial Statements

June 30, 2010

(with comparative amounts as of and for the year ended June 30, 2009)

9. Continued

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

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

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

10. Joint Costs Allocation

For the years ended June 30, 2010 and 2009, LLS incurred joint costs for informational materials and activities that included fund raising appeals as follows (in thousands):

	<u>2010</u>	<u>2009</u>
Fund raising	\$12,114	\$12,834
Patient and community service	1,049	1,013
Public health education	10,537	10,188
Total	<u>\$23,700</u>	<u>\$24,035</u>