

**LANCE ARMSTRONG FOUNDATION  
AND AFFILIATES**

**Consolidated Financial Statements  
and Supplemental Schedules  
for the Years Ended  
December 31, 2009 and 2008  
and Independent Auditors' Report**



# 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 statements of financial position of Lance Armstrong Foundation and Affiliates (collectively, the "Foundation") as of December 31, 2009 and 2008, and the related consolidated statements of activities and cash flows for the years 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 audits.

We conducted our audits 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 audits provide 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, 2009 and 2008 and the changes in its net assets and its cash flows for the years 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 June 8, 2010 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.

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<sup>\*</sup> This firm is not a CPA firm

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 Socha + Ritter LLP*

June 8, 2010

# LANCE ARMSTRONG FOUNDATION AND AFFILIATES

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2009 AND 2008

	2009	2008
<b>ASSETS</b>		
Cash and cash equivalents	\$ 12,931,284	\$ 9,180,660
Investment securities	37,258,524	29,817,589
Promises to give, net	6,973,035	7,725,405
Promises to give, net - endowment	2,192,837	2,160,645
Accounts receivable	5,752,295	4,386,056
Grants receivable	108	142,310
Prepaid expenses and other assets	624,655	348,589
Intangibles	564,390	564,390
Inventory	1,838,141	2,388,592
Other investments	1,127,288	1,127,370
Property and equipment, net	10,297,572	7,781,380
<b>TOTAL ASSETS</b>	<b>\$ 79,560,129</b>	<b>\$ 65,622,986</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 2,310,839	\$ 2,502,471
Grants payable, net	3,057,033	6,833,099
Line of credit	-	2,665,028
Deferred revenue	946,629	614,564
<b>Total liabilities</b>	<b>6,314,501</b>	<b>12,615,162</b>
<b>NET ASSETS:</b>		
Unrestricted:		
Undesignated	48,997,123	30,769,934
Designated	11,157,406	11,157,406
<b>Total unrestricted</b>	<b>60,154,529</b>	<b>41,927,340</b>
Temporarily restricted	6,504,836	5,503,209
Permanently restricted	6,586,263	5,577,275
<b>Total net assets</b>	<b>73,245,628</b>	<b>53,007,824</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 79,560,129</b>	<b>\$ 65,622,986</b>

See notes to consolidated financial statements.

# LANCE ARMSTRONG FOUNDATION AND AFFILIATES

## CONSOLIDATED STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
<b>UNRESTRICTED NET ASSETS:</b>		
Revenues:		
Contributions	\$ 11,071,408	\$ 9,357,223
Grant revenue	1,145,673	1,113,837
Program merchandise and services	7,349,273	5,167,500
Program merchandise and services - promotional cost	(2,569,054)	(2,038,040)
Special event revenues	11,779,798	10,696,496
Cost of direct benefits to donors	(1,043,924)	(1,146,246)
Investment income (loss)	7,381,692	(8,873,485)
Royalties and licensing fees	14,699,285	12,987,846
Other expense	(202,883)	(41,059)
Total net revenues	<u>49,611,268</u>	<u>27,224,072</u>
Net assets released from restrictions	<u>3,900,136</u>	<u>2,112,341</u>
	53,511,404	29,336,413
Expenses:		
Program services	28,833,066	27,514,111
Management and general	1,946,572	2,379,503
Fundraising	4,504,577	4,190,835
Total expenses	<u>35,284,215</u>	<u>34,084,449</u>
Change in unrestricted net assets	<u>18,227,189</u>	<u>(4,748,036)</u>
<b>TEMPORARILY RESTRICTED NET ASSETS:</b>		
Contributions	4,901,763	1,787,187
Net assets released from restrictions	<u>(3,900,136)</u>	<u>(2,112,341)</u>
Change in temporarily restricted net assets	<u>1,001,627</u>	<u>(325,154)</u>
<b>PERMANENTLY RESTRICTED NET ASSETS-</b>		
Contributions	<u>1,008,988</u>	<u>1,020,326</u>
<b>CHANGE IN NET ASSETS</b>	20,237,804	(4,052,864)
<b>NET ASSETS, beginning of year</b>	<u>53,007,824</u>	<u>57,060,688</u>
<b>NET ASSETS, end of year</b>	<u>\$ 73,245,628</u>	<u>\$ 53,007,824</u>

See notes to consolidated financial statements.

# LANCE ARMSTRONG FOUNDATION AND AFFILIATES

## CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 20,237,804	\$ (4,052,864)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	450,118	178,397
Unrealized and realized (gain) loss on securities, net	(5,954,166)	10,233,475
Contributions restricted for long-term investment	(1,008,988)	(1,020,326)
Change in assets and liabilities that provided (used) cash:		
Promises to give	720,178	(3,184)
Accounts receivable	(1,366,239)	(2,404,681)
Grants receivable	142,202	(117,740)
Prepaid expenses and other assets	(276,066)	146,340
Inventory	550,451	2,033,929
Accounts payable and accrued expenses	199,919	784,052
Deferred lease cost	-	(6,611)
Grants payable	(3,776,066)	(756,926)
Deferred revenue	332,065	592,064
Net cash provided by operating activities	<u>10,251,212</u>	<u>5,605,925</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(3,357,861)	(7,253,341)
Proceeds from sale of securities	69,856	4,358,416
Purchase of securities and other investments	<u>(1,556,543)</u>	<u>(1,960,426)</u>
Net cash used in investing activities	<u>(4,844,548)</u>	<u>(4,855,351)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net (payments on) borrowings from line of credit	(2,665,028)	2,665,028
Contributions restricted for long-term investment	<u>1,008,988</u>	<u>1,020,326</u>
Net cash (used in) provided by financing activities	<u>(1,656,040)</u>	<u>3,685,354</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	3,750,624	4,435,928
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>9,180,660</u>	<u>4,744,732</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 12,931,284</u>	<u>\$ 9,180,660</u>
<b>SUPPLEMENTAL CASH DISCLOSURES:</b>		
Cash paid for interest	<u>\$ 38,933</u>	<u>\$ 85,998</u>
Supplemental schedule of noncash investing activities-		
Acquisition of property and equipment with accounts payable	<u>\$ -</u>	<u>\$ 391,551</u>

See notes to consolidated financial statements.

# LANCE ARMSTRONG FOUNDATION AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2009 and 2008

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### 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. The consolidated 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 (“FASB”) Accounting Standards Codification (“ASC”).

**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 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. At December 31, 2009 and 2008, 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 260,000 and 198,000 hours to the Foundation's program services and fundraising campaigns during the years ended December 31, 2009 and 2008, 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 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** - 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 and cash equivalents, investments and receivables. The Foundation places its cash and cash equivalents with a limited number of high quality financial institutions. The Federal Deposit Insurance Corporation ("FDIC") increased the basic deposit insurance from \$100,000 to \$250,000 per depositor through December 31, 2013. The FDIC also implemented the Transaction Account Guarantee Program to provide a temporary unlimited guarantee through June 30, 2010, for non-interest bearing and certain interest bearing transaction accounts at institutions electively participating in this program. 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 consolidated statement of financial position. 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 not experienced significant losses on receivables.

**Fair Value Measurements** - The Foundation measures and discloses fair value measurements in accordance with authoritative literature. 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, authoritative literature 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 statements of financial position. Unrealized gains and losses at December 31, 2009 and 2008 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.

**Board-Designated Net Assets** - Both LAF and LAFE have board-designated net assets. For the Foundation, the board designated net assets of \$2,000,000 to ensure that sufficient reserves would be available if the need arose. For the Endowment, the trustees designated \$9,157,406 that cannot be spent without prior board approval.

**Adopted and Recently Issued Accounting Pronouncements** - In June 2009, the FASB issued guidance now codified as ASC Topic 105, *Generally Accepted Accounting Principles*, as the single source of authoritative non-governmental U.S. GAAP. ASC Topic 105 does not change current U.S. GAAP, but is intended to simplify user access to all authoritative U.S. GAAP by providing all authoritative literature related to a particular topic in one place (the “Codification”). On the effective date of this Statement, the Codification superseded all then-existing non-SEC accounting and reporting standards, and all other non-grandfathered non-SEC accounting literature not included in the Codification became non-authoritative. The provisions of ASC Topic 105 are effective for interim and annual periods ending after September 15, 2009. This pronouncement had no effect on the Foundation’s consolidated financial position, results of operations or cash flows, but impacted the Foundation’s financial reporting process by replacing all references to pre-Codification standards with references to the applicable Codification topic.

In June 2006, the FASB issued new guidance within ASC 740-10, *Income Taxes*, effective for years beginning after December 15, 2008. It clarified the accounting for uncertainty in income taxes recognized in the financial statements. The Foundation adopted the amended provisions during the year ended December 31, 2009. This standard had no effect on the Foundation’s consolidated financial position, results of operations or cash flows.

## **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 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 Mission 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 opportunity to support research that is patient-centered remains a high priority of the Foundation. While the Foundation did not formally release an original Request for Proposal and fund new research grants in 2009, it continued to monitor 60 active grants that 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, the Foundation published a supplemental issue of the *Journal of General Internal Medicine* that featured articles from the Foundation's grantees.

In 2009, the Foundation also convened a blue-ribbon panel to review the Foundation's previous research grant portfolio and its impact and make recommendations for changes moving forward. The panel recommended the Foundation focus its efforts to transform cancer research to be patient-centered through the exchange of electronic health information. The Foundation will use these recommendations to develop its new research agenda in 2010.

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 2009:

- 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. 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 2009, 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 2009, the program was offered at YMCA branches in 30 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 Foundation also worked with the Wellness Community (which underwent a merger with Gilda's Club to become the Cancer Support Community) to deliver the program and its training materials online in 2009.

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: re-entry into school or the workforce, insurance coverage issues, infertility as a result of treatment, neurocognitive effects or secondary malignancies.

The LIVESTRONG™ Young Adult Alliance (the "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 Alliance with the knowledge that unity is strength - by working together they can raise awareness and effect positive change for young adults with cancer. Since its founding in 2006, the Alliance has more than doubled in size to include 170 member organizations.

Acquisition of New Assets - For the first time, the Foundation acquired the assets of two non-profit organizations to ensure their continuance and growth during difficult economic times. The two organizations were Fertile Hope, whose mission is to support the fertility needs of cancer survivors, and Planet Cancer, whose mission is to assist young adults who have been diagnosed with cancer. Both organizations were well known to the Foundation, had well-aligned missions and their programs and activities complimented those of the Foundation. The Foundation worked to transition all assets of the two organizations into its Mission activities and began serving their constituents in 2009.

## **Direct Services**

Patient Navigation Center - In 2009, the Foundation moved into its new headquarters in Austin, Texas. The building currently has 4,500 square feet reserved to establish a patient navigation center for the Austin community that will help connect clinical, social, and practical services for those affected by cancer. In 2009, efforts were undertaken to research existing models, plan services and design the space for a targeted opening date in mid-2010.

LIVESTRONG™ SurvivorCare - LIVESTRONG™ SurvivorCare 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™ SurvivorCare 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 2009, the Foundation touched nearly 750,000 lives of individuals affected by cancer through the Cancer Support Information and Services. This report includes information about the Foundation's reach to people affected by cancer through the LIVESTRONG™ SurvivorCare as well as all print and online educational materials. A few highlights for 2009 include:

- The Foundation saved LIVESTRONG™ SurvivorCare clients approximately \$1.5 million through negotiating discounts, maximizing available medication programs and overturning denials from insurance companies.
- The Foundation connected more than 9,000 individuals to:
  - Information about new trials in development and clinical trials.
  - Help with financial, insurance and job concerns.
  - Support for emotional concerns and counseling needs.
- The Foundation distributed more than 450,000 printed educational materials to cancer survivors, caregivers and healthcare providers, including 10,000 of the newly created LIVESTRONG™ Guidebooks.

- The Foundation created new or expanded cancer support information and services for underserved populations including:
  - A Spanish-language website available at [www.livestrong.org/espanol](http://www.livestrong.org/espanol).
  - [Livestrong.org/ayaresources](http://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
  - Creation of a new Living After Cancer Treatment brochure for LGBT cancer survivors

### **Advocacy, Government Relations and Health Policy**

LIVESTRONG™ Day - Each year, the Foundation invites supporters to participate in LIVESTRONG™ Day, a 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 2009, more than 1000 LIVESTRONG™ Day organizers across the country:

- Held Wear Yellow Day on LIVESTRONG™ 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™ 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™ Day event at their school and educated students about cancer awareness through the LIVESTRONG™ at School program.

LIVESTRONG™ 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.

Advocacy Coalitions - 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. Lance Armstrong is a member, released their yearly report focusing on translational research.

Policy and Government Relations - The primary focus of 2009 was ensuring the federal health care reform legislation incorporated items that were meaningful for those affected by cancer. The Foundation worked with members of Congress and the White House for inclusion of provisions that would alter health insurance in the following ways:

- Remove pre-existing conditions as a discriminatory practice.
- Remove caps on lifetime limits for coverage.
- Ensure routine care for those enrolled in clinical trials was covered.
- Made it possible for young adults to stay on their parent's insurance until age 26.

### **International Program**

In 2009, the Foundation embarked on a Global Cancer Campaign to make cancer a global priority. The goals were:

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

To that end, the Foundation held the first Global Cancer Summit in Dublin, Ireland, bringing together more than 600 people from 60 countries to address the global cancer burden and find new ways to work together. Representatives from governments, non-governmental organizations, advocacy groups, physicians, researchers, and others came together in an unprecedented way and left with new tools and connections to foster their work in cancer. In addition, more than 300 organizations and individuals across the globe made new and meaningful commitments to fight cancer and more than 100,000 signed the World Cancer Declaration through the LIVESTRONG™ Action platform.

The Foundation also created and released a report on the global cost of cancer with the Economist Intelligence Unit and co-sponsored the release of the World Tobacco Atlas with the American Cancer Society.

**Functional Expenses** - The expense information contained in the consolidated 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, 2009 and 2008 was \$4,195,187 and \$2,379,929, 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.

**Equity Method** - In accordance with ASC 272, *Limited Liability Entities*, the Foundation has accounted for their investment in TIFF Private Equity Partners ("TPEP") 2005 under the equity method by recording their respective share of earnings or loss.

## 2. 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, 2009:

	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	\$ 33,283,364	-	33,283,364	-
TIFF Short-Term Fund	3,975,160	-	3,975,160	-
	<u>37,258,524</u>	-	<u>37,258,524</u>	-
Limited Partnership- TPEP2005	1,127,288	-	-	1,127,288
	<u>\$ 38,385,812</u>	<u>-</u>	<u>37,258,524</u>	<u>1,127,288</u>

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

January 1, 2009	\$ 1,127,370
New investment contributions	140,000
Total net losses (realized/unrealized)	<u>(140,082)</u>
December 31, 2009	<u>\$ 1,127,288</u>

Investments consisted of the following at December 31, 2008:

	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	\$ 25,851,874	-	25,851,874	-
TIFF Short-Term Fund	3,965,715	-	3,965,715	-
	29,817,589	-	29,817,589	-
Limited Partnership- TPEP2005	1,127,370	-	-	1,127,370
	<u>\$ 30,944,959</u>	<u>-</u>	<u>29,817,589</u>	<u>1,127,370</u>

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

January 1, 2008	\$ 819,470
New investment contributions	360,000
Total net losses (realized/unrealized)	<u>(52,100)</u>
December 31, 2008	<u>\$ 1,127,370</u>

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:

	2009	2008
Unrealized gains (losses), net	\$ 5,959,765	\$ (10,225,102)
Dividends	1,077,234	1,153,955
Capital gain distributions	324,299	123,429
Interest	25,993	82,606
Realized losses, net	<u>(5,599)</u>	<u>(8,373)</u>
	<u>\$ 7,381,692</u>	<u>\$ (8,873,485)</u>

### 3. PROMISES TO GIVE

Unconditional promises to give were as follows at December 31:

	2009	2008
Contributions due in less than one year	\$ 2,305,753	\$ 3,934,850
Contributions due in one to five years	6,272,198	5,609,551
Contributions due in more than five years	1,696,768	1,200,000
	10,274,719	10,744,401
Less allowance for bad debts	(398,723)	(201,591)
Less discount to net present value	(710,124)	(656,760)
	<u>\$ 9,165,872</u>	<u>\$ 9,886,050</u>

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 2009 and 2008. Promises to give are classified as Level 3 in accordance with the fair value hierarchy and have been valued using an income approach as follows:

	2009	2008
January 1	\$ 9,886,050	\$ 9,882,866
New promises to give	3,490,164	2,455,790
Payments received on existing promises	(3,959,846)	(2,739,762)
Change in allowance for bad debts	(197,132)	(201,591)
Change in present value	(53,364)	488,747
December 31	<u>\$ 9,165,872</u>	<u>\$ 9,886,050</u>

### 4. INTANGIBLES

In 2005, the Foundation purchased the rights to the trademark name Live Long...Live Strong™. ASC 350, *Intangibles – Goodwill and Other*, defines a trademark as an intangible asset with an indefinite life. As such, ASC 350 prohibits these assets' amortization; however, it does require that these assets be reviewed for impairment at least annually. During 2009 and 2008, the Foundation tested this asset for impairment, utilizing the two-step process prescribed by ASC 350. 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, 2009 and 2008.

### 5. INVENTORY

Inventory consisted of finished goods program merchandise at December 31, 2009 and 2008 of \$1,838,141 and \$2,388,592, respectively.

## 6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2009	2008
Building	\$ 8,364,906	\$ 6,015,579
Furniture, fixtures and equipment	2,361,399	1,794,416
Land	1,018,400	968,400
	11,744,705	8,778,395
Less accumulated depreciation	(1,447,133)	(997,015)
Property and equipment, net	<u>\$ 10,297,572</u>	<u>\$ 7,781,380</u>

## 7. GRANTS PAYABLE

During the years ended December 31, 2009 and 2008, 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:

	2009	2008
Payable in less than one year	\$ 2,411,582	\$ 5,234,225
Payable in one to five years	695,233	1,715,414
	3,106,815	6,949,639
Less discount to net present value	(49,782)	(116,540)
Grants payable, net	<u>\$ 3,057,033</u>	<u>\$ 6,833,099</u>

The discount rate applied to unconditional promises to give extending beyond one year from the grant date was 3% for 2009 and 2008. These are classified as Level 3 in accordance with the fair value hierarchy and have been valued using an income approach as follows:

	2009	2008
January 1	\$ 6,833,099	\$ 7,590,025
Grants awarded	4,995,469	8,800,140
Grants paid	(8,817,839)	(9,534,123)
Grant writeoffs	(20,454)	(4,380)
Change in present value	66,758	(18,563)
December 31	<u>\$ 3,057,033</u>	<u>\$ 6,833,099</u>

## 8. 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, 2009 and 2008). The line of credit is secured by all assets of the Foundation and matures in March 2010. As of December 31, 2009 and 2008, respectively, \$0 and \$2,665,028 was outstanding on the line of credit.

## 9. LEASE COMMITMENTS AND CONTINGENCIES

The Foundation leased two office facilities for which the leases expired March 31, 2009. The Foundation also leases equipment under non-cancelable operating leases. Rental expenses for the office lease and miscellaneous equipment for the years ended December 31, 2009 and 2008 were \$232,485 and \$485,559, respectively. Minimum future rentals are as follows:

2010	\$	20,033
2011		7,020
2012		2,440
	\$	<u>29,493</u>

LAF and LAFE have agreed and committed to provide capital contributions of up to \$1,000,000 each 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, 2009 and 2008, respectively, LAF and LAFE each had a remaining commitment to TPEP 2005 of \$320,000 and \$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.

The Internal Revenue Service (“IRS”) began a routine examination of the Foundation’s 2006 FORM 990 in the fourth quarter of 2009 that is anticipated to be completed by the end of 2010. As of December 31, 2009, the Foundation is not aware of any proposed adjustments by the IRS that would result in taxes owed or that would have an adverse effect on the Foundation’s tax exempt status.

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 consolidated financial position or results of operations.

## 10. TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2009</u>	<u>2008</u>
Time restrictions	\$ 4,901,426	\$ 5,086,541
Program services	1,603,410	416,668
	<u>\$ 6,504,836</u>	<u>\$ 5,503,209</u>

## 11. 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.

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.

Permanently restricted net assets were as follows at December 31:

	<u>2009</u>	<u>2008</u>
Larry and Dr. Nancy O'Reilly, Luran, Leigh, Ragan Family Fund	\$ 1,153,152	\$ 1,135,712
The Armstrong Family Fund	1,025,000	1,025,000
Coxe Family Fund	1,000,000	1,000,000
In Honor of Betsy H. Schofield	600,000	600,000
Stephanie Robins Lance Armstrong Endowment Fund	544,494	543,494
John and Michele Phua Lance Armstrong Endowment Fund	321,072	278,859
Dell Children's Hospital Gift in Honor of Sandra Aragona	250,000	250,000
Karen and Everett Cook Endowment Fund	250,000	150,000
In Honor of Stephen M. O'Leary	200,000	200,000
The Rollins Family Fund	175,000	50,000
Planet Cancer	150,000	-
In Honor of Hamilton Jordan	87,500	87,500
In Honor of the Staff of the Lance Armstrong Foundation	86,132	86,132
Jeannette J. Jehl Memorial Fund	70,266	51,266
Michael W. Lotz Memorial Fund	63,170	50,000
CVCCA	50,000	40,000
In Honor of Renee Nicholas	32,775	32,775
In Honor of Thomas F. Slater	27,500	-
Susan E. Kuhn and Sevilla M. Trevisani and Thomas P. Trevisani, II Family Fund	27,420	27,420
Dick Dyhrman Memorial	26,980	-
In Honor of Kathleen B. and James N. Sherwin	26,410	26,410
In Honor of Rainbow Babies and Children's Hospital, Cleveland, OH	25,585	25,410
Ulman Family Fund	25,450	25,450
All Balls Golf Charity Endowment	25,000	-
Christine Pratt Memorial Fund	25,000	-
David Knaggs Endowment	25,000	-
In Honor of Michael R. Henry	25,000	-
Kaya Knerly Lance Armstrong Foundation Endowment Fund	25,000	-
McKinnon Family Fund	25,000	-
SCARCE Fund	25,000	-
The Sophia Kolevich Remembrance Fund	25,000	-
The Richard Desjardin Fund	14,690	25,000
Pledged and undesignated	200,000	-
Unnamed funds	143,195	62,244
Present value discount	(189,528)	(195,397)
	<u>\$ 6,586,263</u>	<u>\$ 5,577,275</u>

Endowment net asset composition by type of fund was as follows at December 31, 2009:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	6,586,263	6,586,263
Undesignated endowment funds	8,991,850	-	8,991,850
Board-designated endowment funds	<u>9,157,406</u>	<u>-</u>	<u>9,157,406</u>
Total funds	<u>\$ 18,149,256</u>	<u>6,586,263</u>	<u>24,735,519</u>

The changes in endowment net assets for the year ended December 31, 2009 were as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 14,537,191	5,577,275	20,114,466
Investment return	4,811,270	-	4,811,270
Contributions	-	1,008,988	1,008,988
Appropriation of endowment assets for expenditure	<u>(1,199,205)</u>	<u>-</u>	<u>(1,199,205)</u>
Endowment net assets, end of year	<u>\$ 18,149,256</u>	<u>6,586,263</u>	<u>24,735,519</u>

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

\$ 6,586,263

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

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

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	<u>\$ 14,537,191</u>	<u>5,577,275</u>	<u>20,114,466</u>

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

**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 \$134,141 in 2009 and \$109,052 in 2008.

**13. RELATED PARTY TRANSACTIONS**

During 2009 and 2008, the Foundation received contributions of \$908,091 and \$1,149,342, respectively, from board members. During 2009 and 2008, the Foundation made payments of \$13,044 and \$5,608, respectively, to related parties. During 2009 and 2008, the Foundation had promises to give due from board members of \$5,470,971 and \$4,777,851, respectively.

**14. FEDERAL GRANT AWARDED**

The Department of Health and Human Services' Centers for Disease Control ("CDC") awarded the Foundation two federal grants for the CDC 2009-2010 fiscal year in support of the LIVESTRONG™ Cancer Survivorship Resource Center and cancer prevention and control. For the CDC 2008-2009 fiscal year, the CDC awarded an additional federal grant in support of early detection or survivorship of cancer in underserved populations. 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, 2009 and 2008, the Foundation had incurred reimbursable expenditures of \$1,145,064 and \$1,113,837, 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:

	<u>2009</u>	<u>2008</u>
Grants and programs	\$ 11,775,916	\$ 13,485,452
Grassroots advocacy	7,446,926	3,800,251
Education and program development	6,156,224	7,268,168
Programs and policy - general	2,724,623	1,962,285
Government relations	729,377	997,955
	<u>\$ 28,833,066</u>	<u>\$ 27,514,111</u>

## 16. 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 which meet the purpose, audience, and content criteria of ASC 958-720 were \$407,942 in 2009 and \$192,962 in 2008. They were comprised of the following:

	<u>2009</u>	<u>2008</u>
Fundraising	\$ 234,681	\$ 110,705
Program service costs	150,478	63,455
Management and general	22,783	18,802
	<u>\$ 407,942</u>	<u>\$ 192,962</u>

## 17. FUNCTIONAL EXPENSES

Functional expenses for the year ended December 31, 2009 consisted of the following:

	Total	Program	Management and General	Fundraising
Legal and professional	\$ 9,418,842	8,535,457	203,068	680,317
Salaries, wages, and benefits	5,958,391	4,387,556	222,831	1,348,004
Grants and awards	4,992,484	4,992,484	-	-
Advertising	4,195,187	3,359,191	434,287	401,709
Travel	1,922,995	1,652,246	83,069	187,680
Contract services	1,218,719	947,068	88,428	183,223
Technology	1,213,003	851,690	188,885	172,428
Other rent	1,016,554	698,059	142,639	175,856
Bad debt/taxes/miscellaneous	519,493	211,779	30,037	277,677
Bank service fees	486,200	294,423	61,002	130,775
Notebook and merchandise giveaway	481,775	467,857	2,481	11,437
Depreciation and amortization	450,118	124,153	130,023	195,942
Professional fundraising fees	415,874	284,607	13,416	117,851
Payroll taxes	362,016	268,238	12,912	80,866
Occupancy	349,529	95,303	101,537	152,689
Printing and publications	323,250	259,085	23,876	40,289
Postage and parcel post	267,661	207,130	15,955	44,576
Retirement plan contributions	134,141	100,261	4,612	29,268
Telephone	116,339	64,768	28,141	23,430
Insurance	95,631	55,430	14,843	25,358
Permits	44,337	23,939	5,808	14,590
Entertainment	12,904	12,253	330	321
Other	1,288,772	940,089	138,392	210,291
	<u>\$ 35,284,215</u>	<u>28,833,066</u>	<u>1,946,572</u>	<u>4,504,577</u>

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

## 18. SUBSEQUENT EVENTS

On January 9, 2010, the Foundation entered into an agreement to purchase .68 acres of land adjacent to its current office in Austin, Texas for \$902,000. Final closing on the purchase is expected in July 2010.

The Boards of LAFE, LAFM, and LAFV have approved the dissolution and merger of these respective entities into LAF. The dissolution and mergers are scheduled for May 31, 2010.

The Foundation has evaluated subsequent events through June 8, 2010 (the date the consolidated financial statements were available to be issued), and no events, other than those described above, have occurred from the consolidated statement of financial position date through that date that would impact the consolidated financial statements.

## **SUPPLEMENTAL INFORMATION**

## LANCE ARMSTRONG FOUNDATION AND AFFILIATES

### CONSOLIDATED STATEMENT OF PROGRAM EXPENSES DECEMBER 31, 2009

	Total Programs	Grassroots Advocacy	Grants and Programs	Programs and Policy	Government Relations	Education and Program Development
Legal and professional	\$ 8,535,457	3,196,199	2,182,689	268,676	250,186	2,637,707
Grants and awards	4,992,484	-	3,368,867	615,662	-	1,007,955
Salaries, wages, and benefits	4,387,556	895,147	1,974,057	558,613	210,182	749,557
Advertising	3,359,191	911,542	1,430,889	204,715	55,866	756,179
Travel	1,652,245	899,999	439,841	87,406	74,589	150,410
Contract services	947,069	231,946	311,988	199,931	15,863	187,341
Other	940,090	412,868	303,281	66,397	32,580	124,964
Technology	851,690	90,792	665,170	25,587	6,850	63,291
Other rent	698,058	284,543	231,060	52,855	20,285	109,315
Notebook and merchandise giveaway	467,856	54,096	18,041	384,874	1,942	8,903
Bank service fees	294,423	75,711	120,876	27,710	7,515	62,611
Professional fundraising fees	284,607	73,508	116,238	26,894	7,200	60,767
Payroll taxes	268,237	53,965	119,938	34,525	13,989	45,820
Printing and publications	259,087	55,294	150,553	12,471	10,687	30,082
Bad debt/taxes/miscellaneous	211,778	53,879	88,988	19,093	5,277	44,541
Postage and parcel post	207,131	45,474	55,678	77,858	2,215	25,906
Depreciation	124,153	32,066	50,706	11,732	3,141	26,508
Retirement plan contributions	100,261	18,774	41,703	17,392	4,764	17,628
Occupancy	95,303	24,615	38,923	9,006	2,411	20,348
Telephone	64,768	15,728	32,766	5,261	1,800	9,213
Insurance	55,430	14,316	22,639	5,238	1,402	11,835
Permits	23,939	6,183	9,777	2,262	606	5,111
Entertainment	12,253	281	1,248	10,465	27	232
	<u>\$ 28,833,066</u>	<u>7,446,926</u>	<u>11,775,916</u>	<u>2,724,623</u>	<u>729,377</u>	<u>6,156,224</u>

## LANCE ARMSTRONG FOUNDATION AND AFFILIATES

### CONSOLIDATED STATEMENT OF GRANT HISTORY DECEMBER 31, 2009

	2000 and Prior	2001	2002	2003	2004	2005	2006	2007	2008	2009	TOTAL
Grants payable January 1,	\$ -	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	-
Grants awarded	1,819,283	2,042,171	2,225,643	3,623,374	6,186,800	14,976,455	12,891,166	9,534,130	8,800,140	4,995,469	67,094,631
Grant payments and other	(1,124,536)	(658,646)	(1,567,766)	(2,938,592)	(5,045,762)	(9,997,748)	(15,094,719)	(9,281,228)	(9,557,066)	(8,771,535)	(64,037,598)
Grants payable December 31,	\$ 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	3,057,033	3,057,033

# LANCE ARMSTRONG FOUNDATION AND AFFILIATES

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2009

	Lance Armstrong Foundation	Lance Armstrong Foundation Endowment	Lance Armstrong Foundation Merchandise	Lance Armstrong Foundation Events	Elimination	Consolidated Total
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 9,364,299	225,652	2,248,943	1,092,390	-	12,931,284
Investment securities	14,722,510	22,536,014	-	-	-	37,258,524
Promises to give, net	6,728,035	-	-	245,000	-	6,973,035
Promises to give, net - endowment	-	2,192,837	-	-	-	2,192,837
Accounts receivable	1,123,866	6,269	4,116,410	505,750	-	5,752,295
Grants receivable	108	-	-	-	-	108
Due from affiliate	3,199,979	-	-	-	(3,199,979)	-
Prepaid expenses and other assets	382,481	5,250	159,993	76,931	-	624,655
Intangibles	564,390	-	-	-	-	564,390
Inventory	1,210	-	1,836,931	-	-	1,838,141
Other investments	563,644	563,644	-	-	-	1,127,288
Property and equipment, net	10,297,572	-	-	-	-	10,297,572
<b>TOTAL ASSETS</b>	<b>\$ 46,948,094</b>	<b>25,529,666</b>	<b>8,362,277</b>	<b>1,920,071</b>	<b>(3,199,979)</b>	<b>79,560,129</b>
<b>LIABILITIES:</b>						
Accounts payable and accrued expenses	\$ 1,721,934	-	222,240	366,665	-	2,310,839
Due to affiliate	-	794,149	2,543,524	(137,694)	(3,199,979)	-
Grants payable, net	3,057,033	-	-	-	-	3,057,033
Deferred revenue	201,923	-	7,992	736,714	-	946,629
<b>Total liabilities</b>	<b>4,980,890</b>	<b>794,149</b>	<b>2,773,756</b>	<b>965,685</b>	<b>(3,199,979)</b>	<b>6,314,501</b>
<b>NET ASSETS:</b>						
Unrestricted:						
Undesignated	33,462,368	8,991,848	5,588,521	954,386	-	48,997,123
Designated	2,000,000	9,157,406	-	-	-	11,157,406
<b>Total unrestricted</b>	<b>35,462,368</b>	<b>18,149,254</b>	<b>5,588,521</b>	<b>954,386</b>	<b>-</b>	<b>60,154,529</b>
Temporarily restricted	6,504,836	-	-	-	-	6,504,836
Permanently restricted	-	6,586,263	-	-	-	6,586,263
<b>Total net assets</b>	<b>41,967,204</b>	<b>24,735,517</b>	<b>5,588,521</b>	<b>954,386</b>	<b>-</b>	<b>73,245,628</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 46,948,094</b>	<b>25,529,666</b>	<b>8,362,277</b>	<b>1,920,071</b>	<b>(3,199,979)</b>	<b>79,560,129</b>

# LANCE ARMSTRONG FOUNDATION AND AFFILIATES

## CONSOLIDATING STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2009

	Lance Armstrong Foundation	Lance Armstrong Foundation Endowment	Lance Armstrong Foundation Merchandise	Lance Armstrong Foundation Events	Elimination	Consolidated Total
<b>UNRESTRICTED NET ASSETS:</b>						
Revenues:						
Contributions	\$ 35,314,351	475	(17,662,951)	(5,705,467)	(875,000)	11,071,408
Grant revenue	1,145,673	-	-	-	-	1,145,673
Program merchandise and services	-	-	7,349,273	-	-	7,349,273
Program merchandise and services promotional cost	-	-	(2,569,054)	-	-	(2,569,054)
Special event revenues	674,178	-	-	11,105,620	-	11,779,798
Cost of direct benefits to donors	(626,633)	-	-	(417,291)	-	(1,043,924)
Investment income	2,563,504	4,811,150	5,620	1,418	-	7,381,692
Royalties and licensing fees	-	-	14,699,285	-	-	14,699,285
Other expense	(167,205)	-	-	(35,678)	-	(202,883)
Total net revenues	38,903,868	4,811,625	1,822,173	4,948,602	(875,000)	49,611,268
Net assets released from restrictions	3,867,251	-	-	32,885	-	3,900,136
	42,771,119	4,811,625	1,822,173	4,981,487	(875,000)	53,511,404
Expenses:						
Program services	24,496,062	1,140,752	1,171,138	2,900,114	(875,000)	28,833,066
Management and general	1,015,242	17,753	32,145	881,432	-	1,946,572
Fundraising	3,364,600	41,057	241,636	857,284	-	4,504,577
Total expenses	28,875,904	1,199,562	1,444,919	4,638,830	(875,000)	35,284,215
Change in unrestricted net assets	13,895,215	3,612,063	377,254	342,657	-	18,227,189
<b>TEMPORARILY RESTRICTED NET ASSETS:</b>						
Contributions	4,901,763	-	-	-	-	4,901,763
Net assets released from restrictions	(3,867,251)	-	-	(32,885)	-	(3,900,136)
Change in temporarily restricted net assets	1,034,512	-	-	(32,885)	-	1,001,627
<b>PERMANENTLY RESTRICTED NET ASSETS-</b>						
Contributions	-	1,008,988	-	-	-	1,008,988
<b>CHANGE IN NET ASSETS</b>	14,929,727	4,621,051	377,254	309,772	-	20,237,804
<b>NET ASSETS, beginning of year</b>	27,037,477	20,114,466	5,211,267	644,614	-	53,007,824
<b>NET ASSETS, end of year</b>	\$ 41,967,204	24,735,517	5,588,521	954,386	-	73,245,628