

WALTHER CANCER FOUNDATION, INC.

FINANCIAL STATEMENTS

June 30, 2009 and 2008

WALTHER CANCER FOUNDATION, INC.
Indianapolis, Indiana

FINANCIAL STATEMENTS
June 30, 2009 and 2008

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Crowe Horwath LLP
Independent Member Crowe Horwath International

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Walther Cancer Foundation, Inc.
Indianapolis, Indiana

We have audited the accompanying statements of financial position of Walther Cancer Foundation, Inc. (the "Foundation") as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 financial statements referred to above present fairly, in all material respects, the financial position of Walther Cancer Foundation, Inc. as of June 30, 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.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
October 13, 2009

WALTHER CANCER FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 4,597,086	\$ 6,357,737
Prepaid expense and other assets	127,568	336,363
Interest receivable on investments	179,759	331,045
Property held for sale, net (Note 3)	54,392	54,392
Property and equipment, net (Note 3)	216,863	241,292
Investments (Note 4)	<u>108,347,231</u>	<u>137,350,589</u>
Total assets	<u>\$ 113,522,899</u>	<u>\$ 144,671,418</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 16,047	\$ 93,546
Grants payable	7,655,272	6,863,495
Other liabilities	<u>-</u>	<u>10,048</u>
Total liabilities	<u>7,671,319</u>	<u>6,967,089</u>
Net Assets (Note 1)		
Unrestricted	102,967,682	133,348,800
Temporarily restricted	<u>2,883,898</u>	<u>4,355,529</u>
Total net assets	<u>105,851,580</u>	<u>137,704,329</u>
Total liabilities and net assets	<u>\$ 113,522,899</u>	<u>\$ 144,671,418</u>

See accompanying notes to financial statements.

WALTHER CANCER FOUNDATION, INC.
STATEMENTS OF ACTIVITIES

Year ended June 30, 2009 (with summary total for the year ended June 30, 2008)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2009 Total</u>	<u>2008 Total</u>
Revenues				
Investment return, net of fees (Note 4)	\$ (23,664,121)	\$ (307,452)	\$ (23,971,573)	\$ (2,127,794)
Less: Federal excise tax	<u>(117,553)</u>	<u>-</u>	<u>(117,553)</u>	<u>(282,828)</u>
	(23,781,674)	(307,452)	(24,089,126)	(2,410,622)
Contributions	35,335	12,396	47,731	124,847
Loss on disposal of property and equipment	-	-	-	(11,387)
Net assets released from restrictions (Note 1)	<u>1,176,575</u>	<u>(1,176,575)</u>	<u>-</u>	<u>-</u>
Total revenues	(22,569,764)	(1,471,631)	(24,041,395)	(2,297,162)
Expenses				
Program services:				
Grants awarded	6,999,752	-	6,999,752	11,616,720
Supporting services:				
Management and general				
Salary and related expenses	370,110	-	370,110	473,979
Professional service fees	68,643	-	68,643	101,757
Risk management	132,568	-	132,568	182,899
Office and occupancy	171,162	-	171,162	222,101
Maintenance of property held for sale	43,675	-	43,675	16,508
Other	<u>5,295</u>	<u>-</u>	<u>5,295</u>	<u>6,843</u>
	<u>791,453</u>	<u>-</u>	<u>791,453</u>	<u>1,004,087</u>
Fundraising				
Salary and related expenses	13,299	-	13,299	11,103
Office and occupancy	<u>6,850</u>	<u>-</u>	<u>6,850</u>	<u>4,248</u>
	<u>20,149</u>	<u>-</u>	<u>20,149</u>	<u>15,351</u>
Total expenses	<u>7,811,354</u>	<u>-</u>	<u>7,811,354</u>	<u>12,636,158</u>
Change in net assets	(30,381,118)	(1,471,631)	(31,852,749)	(14,933,320)
Net assets, beginning of year	<u>133,348,800</u>	<u>4,355,529</u>	<u>137,704,329</u>	<u>152,637,649</u>
Net assets, end of year	<u>\$ 102,967,682</u>	<u>\$ 2,883,898</u>	<u>\$ 105,851,580</u>	<u>\$ 137,704,329</u>

See accompanying notes to financial statements.

WALTHER CANCER FOUNDATION, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2008 Total</u>
Revenues			
Investment return, net of fees (Note 4)	\$ (2,078,561)	\$ (49,233)	\$ (2,127,794)
Less: Federal excise tax	<u>(282,828)</u>	<u>-</u>	<u>(282,828)</u>
	(2,361,389)	(49,233)	(2,410,622)
Contributions	45,958	78,889	124,847
Loss on disposal of property and equipment	(11,387)	-	(11,387)
Net assets released from restrictions (Note 1)	<u>4,065,169</u>	<u>(4,065,169)</u>	<u>-</u>
Total revenues	1,738,351	(4,035,513)	(2,297,162)
Expenses			
Program services:			
Grants awarded	11,616,720	-	11,616,720
Supporting services:			
Management and general			
Salary and related expenses	473,979	-	473,979
Professional service fees	101,757	-	101,757
Risk management	182,899	-	182,899
Office and occupancy	222,101	-	222,101
Maintenance of property held for sale	16,508	-	16,508
Other	<u>6,843</u>	<u>-</u>	<u>6,843</u>
	<u>1,004,087</u>	<u>-</u>	<u>1,004,087</u>
Fundraising			
Salary and related expenses	11,103	-	11,103
Office and occupancy	<u>4,248</u>	<u>-</u>	<u>4,248</u>
	<u>15,351</u>	<u>-</u>	<u>15,351</u>
Total expenses	<u>12,636,158</u>	<u>-</u>	<u>12,636,158</u>
Change in net assets	(10,897,807)	(4,035,513)	(14,933,320)
Net assets, beginning of year	<u>144,246,607</u>	<u>8,391,042</u>	<u>152,637,649</u>
Net assets, end of year	<u>\$ 133,348,800</u>	<u>\$ 4,355,529</u>	<u>\$ 137,704,329</u>

See accompanying notes to financial statements.

WALTHER CANCER FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Change in net assets	\$ (31,852,749)	\$ (14,933,320)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	23,896	18,356
Grants - contributed property and equipment	-	822,958
Loss on disposal of property and equipment	-	11,387
Realized gain on investments	(1,091,215)	(7,340,538)
Unrealized loss on investments	27,502,998	16,251,610
 Increase (decrease) in cash due to changes in:		
Prepaid expense and other assets	208,795	813,512
Interest receivable on investments	151,286	61,511
Accounts payable and accrued expenses	(68,796)	(1,390,972)
Grants payable	791,777	5,868,208
Other liabilities	<u>(10,048)</u>	<u>(584,572)</u>
Net cash used in operating activities	<u>(4,344,056)</u>	<u>(401,860)</u>
 Cash flows from investing activities		
Purchases of property and equipment	(8,170)	(244,056)
Purchase of investments	(26,846,408)	(53,514,618)
Proceeds from sale of investments	<u>29,437,983</u>	<u>56,686,071</u>
Net cash provided in investing activities	<u>2,583,405</u>	<u>2,927,397</u>
 Net change in cash and cash equivalents	(1,760,651)	2,525,537
 Cash and cash equivalents, beginning of year	<u>6,357,737</u>	<u>3,832,200</u>
 Cash and cash equivalents, end of year	<u>\$ 4,597,086</u>	<u>\$ 6,357,737</u>
 Supplemental cash flows information:		
Federal excise tax estimated payments	\$ -	\$ 400,000
Contributed assets and liabilities, including property and equipment	-	1,959,840

See accompanying notes to financial statements.