

**LIFESPARK CANCER  
RESOURCES**

FINANCIAL STATEMENTS

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DECEMBER 31, 2008

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## **ACCOUNTANT'S REVIEW REPORT**

To the Board of Directors  
LifeSpark Cancer Resources  
Arvada, Colorado

We have reviewed the accompanying statement of financial position of LifeSpark Cancer Resources as of December 31, 2008 and the related statements of activity, functional expenses, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of LifeSpark Cancer Resources.

A review consists principally of inquiries of key personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Davis & Co., CPAs, P.C.  
Certified Public Accountants

Highlands Ranch, Colorado  
July 20, 2009

**LIFESPARK CANCER RESOURCES**  
Statement of Financial Position  
December 31, 2008  
(With comparative totals for 2007)

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 6,931	\$ 26,160
Contributions receivable	<u>31,345</u>	<u>37,265</u>
	38,276	63,425
Equipment and furnishings, at cost	9,285	9,285
Less: accumulated depreciation	<u>(4,678)</u>	<u>(2,821)</u>
	<u>4,607</u>	<u>6,464</u>
	 <u>\$42,883</u>	 <u>\$69,889</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accrued expenses	\$ 1,950	\$ 3,946
Net assets		
Unrestricted	15,588	34,678
Temporarily restricted	<u>25,345</u>	<u>31,265</u>
	<u>40,933</u>	<u>65,943</u>
	 <u>\$42,883</u>	 <u>\$69,889</u>

See accompanying notes and accountant's review report.

**LIFESPARK CANCER RESOURCES**  
Statement of Activity  
For the Year Ended December 31, 2008  
(With comparative totals for 2007)

	<u>2008</u>	<u>2007</u>
<b>SUPPORT AND REVENUE</b>		
Donations from individuals	\$ 29,422	\$ 76,123
Private sector grants	21,850	32,340
Donated services & use of facilities	82,440	75,480
Program fees	9,011	13,736
Interest & other	<u>621</u>	<u>564</u>
Total public support and revenue	143,344	198,243
<b>FUNCTIONAL EXPENSES</b>		
Program services		
Energy Partners	145,833	135,805
Supporting services		
General & Administrative	12,885	13,648
Financial Development	<u>9,636</u>	<u>14,104</u>
	<u>22,521</u>	<u>27,752</u>
Total expenses	<u>168,354</u>	<u>163,557</u>
<b>Change in net assets</b>	(25,010)	34,686
<b>Net assets, beginning of year</b>	<u>65,943</u>	<u>31,257</u>
<b>Net assets, end of year</b>	<u>\$40,933</u>	<u>\$65,943</u>

See accompanying notes and accountant's review report.

**LIFESPARK CANCER RESOURCES**  
Statement of Functional Expenses  
For the Year Ended December 31, 2008  
(With comparative totals for 2007)

	<u>Energy Partners</u>	<u>Supporting Services</u>		<u>2008 Total Expenses</u>	<u>2007 Total Expenses</u>
		<u>General and Administrative</u>	<u>Financial Development</u>		
Personnel expenses	\$ 40,198	\$ 5,882	\$ 2,942	\$49,022	\$ 44,677
Contributed services	69,400	--	--	69,400	62,240
Contract & professional services	8,738	1,278	2,696	12,712	20,680
Occupancy costs	12,535	1,697	1,496	15,728	14,754
Printing, postage & promotion	3,196	467	607	4,270	3,856
Supplies & equipment	2,927	428	215	3,570	3,848
Business insurance	1,776	260	131	2,167	3,850
Conferences, meetings & travel	4,854	693	1,386	6,933	4,362
Telecommunications	2,209	323	163	2,695	3,546
Depreciation	--	<u>1,857</u>	--	<u>1,857</u>	<u>1,744</u>
 Total expenses	 <u>\$145,833</u>	 <u>\$12,885</u>	 <u>\$9,636</u>	 <u>\$168,354</u>	 <u>\$163,557</u>

See accompanying notes and accountant's review report.

**LIFESPARK CANCER RESOURCES**  
Statement of Cash Flows  
For the Year Ended December 31, 2008  
(With comparative totals for 2007)

	<u>2008</u>	<u>2007</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$(25,010)	\$34,686
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	1,857	1,744
Changes in operating assets and liabilities:		
(Increase) decrease in contributions receivable	5,920	(37,265)
(Decrease) in accrued expenses	<u>(1,996)</u>	<u>(4,003)</u>
Net cash flow from operating activities	(19,229)	(4,838)
<b>Cash flow from investing activities:</b>		
Purchase of fixed assets	<u>(--)</u>	<u>(1,130)</u>
<b>Change in cash and cash equivalents</b>	(19,229)	(5,968)
<b>CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR</b>	<u>26,160</u>	<u>32,128</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$6,931</u>	<u>\$26,160</u>
<b>Supplemental disclosure of cash flow information:</b>		
Non-cash operating activity:		
Donated program services & use of space	<u>\$82,440</u>	<u>\$75,480</u>
Interest received – cash basis	<u>\$111</u>	<u>\$457</u>

The accompanying notes are a part of this statement.

## LIFESPARK CANCER RESOURCES

Notes to Financial Statements

December 31, 2008

Note 1: Summary of Significant Accounting Policies

Significant accounting policies are as follows:

a. Organization

LifeSpark Cancer Resources (the "Organization") was incorporated under the laws of the State of Colorado on March 25, 2005, but did not commence operations on its own until April 1, 2006. For the first three months of 2006, the Organization's operations were carried out by QuaLife Wellness Community, a separate tax-exempt entity, in their capacity as the Organization's fiscal agent. Activity during 2006 was minimal.

The Organization, through its signature "Energy Partners" program, utilizes a network of around 40 volunteers who are trained energy therapy practitioners to provide weekly sessions of healing and relief to cancer patients in the metro Denver, Colorado area. The energy therapies utilized are Healing Touch and Reiki, both of which are non-invasive hands-on modalities that provide comfort and support while potentially reducing the side effects of traditional forms of cancer treatment. The Organization also provides extensive training to the above mentioned volunteers and collects and analyzes data regarding the effectiveness of energy therapy treatments.

The fees collected from clients based on "ability to pay" only cover a small portion of the total costs of running the program. Accordingly, the Organization relies heavily on contributions from individuals and grants from the private sector.

b. Financial statement presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles.

The Organization follows the provisions of Financial Accounting Standards (SFAS) No. 117 "*Financial Statements of Not-for-Profit Organizations*". Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets, as follows:

Unrestricted - Resources not subject to donor-imposed restrictions.

Temporarily restricted - Resources subject to donor-imposed restrictions that will be satisfied by actions of the Organization or the passage of time.

Permanently restricted – Resources that will be held in perpetuity in accordance with donor-imposed restrictions. Only the income generated by the underlying assets is available for use

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## LIFESPARK CANCER RESOURCES

Notes to Financial Statements

December 31, 2008

Note 1: Summary of Significant Accounting Policies (Continued)

c. Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted demand and time deposits to be cash equivalents. The account balance at December 31, 2008 was guaranteed by the Federal Deposit Insurance Corporation.

d. Equipment and furnishings

Expenditures for equipment and furnishing items with extended useful life in excess of \$500 are capitalized at cost. Expenditures for maintenance, repairs and other renewals of items are charged to expense. When items are disposed of, the cost and accumulated depreciation are eliminated from the accounts and any gain or loss is included in the results of operations. The provision for depreciation is calculated using the straight-line method based upon estimated useful lives of five years.

e. Revenue recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted either for future periods or for specific purposes by the donor are reported as temporarily restricted support that increases that net asset class. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a donor-imposed restriction is satisfied in the same accounting period that the revenue is received, the Organization reports the revenue as "unrestricted."

Client paid program fees are recorded as income in the period earned.

f. Donated assets, services and use of space

In-kind donations of non-cash assets or facility use are recorded at their fair value in the period received if they would have otherwise been purchased. During 2008, the Organization recorded under "occupancy costs," herein, the \$13,040 fair value of the use of space received from several Denver area healthcare facilities that was used for numerous energy therapy sessions.

In-kind contributions of donated services that require specialized skills, are provided by individuals possessing those skills and typically would have been purchased if not provided by donation, are recorded at their fair value in the period received. The \$69,400 fair value of services received during 2008 from the trained energy therapy practitioners met these criteria and are recorded under "contributed services," herein.

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## LIFESPARK CANCER RESOURCES

Notes to Financial Statements

December 31, 2008

Note 1: Summary of Significant Accounting Policies (Continued)

g. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

h. Contributions receivable

Contributions receivable consist of unconditional promises to give from various known sources within the local community of healing energy practitioners and supporters; accordingly, management is fairly certain that a reserve for bad debts is not necessary at this point in time.

i. Functional expenses

Expenses directly identified with a functional area are charged to such area. If an expense affects more than one area, it is allocated by the time expended or another reasonable basis.

j. Tax status

The Organization has been exempted from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code since March 20, 2006. Prior to that, it operated as a program under the 501(c)(3) tax exemption of another entity. Income from activities not directly related to its tax exempt purpose is subject to taxation as unrelated business income. There were no items of unrelated business income for the year ended December 31, 2008.

Note 2: Temporarily Restricted Net Assets

The Organization's \$31,265 and \$25,345 of temporarily restricted net assets at December 31, 2008 and 2007, respectively, represent unconditional promises to give which are time restricted to be used within the time period they were originally pledged to be paid.