

**LIFESPARK CANCER
RESOURCES**

FINANCIAL STATEMENTS

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DECEMBER 31, 2007

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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, 2007 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
February 8, 2008

LIFESPARK CANCER RESOURCES
Statement of Financial Position
December 31, 2007
(With comparative totals for 2006)

	<u>2007</u>	<u>2006</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$26,160	\$32,128
Contributions receivable	<u>37,265</u>	<u>--</u>
	63,425	32,128
Equipment and furnishings, at cost	9,285	8,155
Less: accumulated depreciation	<u>(2,821)</u>	<u>(1,077)</u>
	<u>6,464</u>	<u>7,078</u>
	 <u>\$69,889</u>	 <u>\$39,206</u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ --	\$ 4,893
Accrued payroll liabilities	<u>3,946</u>	<u>3,056</u>
	3,946	7,949
Net assets		
Unrestricted	34,678	21,257
Temporarily restricted	<u>31,265</u>	<u>10,000</u>
	<u>65,943</u>	<u>31,257</u>
	 <u>\$69,889</u>	 <u>\$39,206</u>

See accompanying notes and accountant's review report.

LIFESPARK CANCER RESOURCES
Statement of Activity
For the Year Ended December 31, 2007
(With comparative totals for 2006)

	<u>2007</u>	<u>2006</u>
SUPPORT AND REVENUE		
Donations from individuals	\$ 76,123	\$ 9,108
Private sector grants	32,340	64,087
Donated services & use of facility	75,480	81,465
Program fees	13,736	6,847
Donated fixed assets	--	5,900
Interest & other	<u>564</u>	<u>1,116</u>
Total public support and revenue	198,243	168,523
FUNCTIONAL EXPENSES		
Program services		
Energy Partners	135,805	121,556
Supporting services		
General & Administrative	13,648	9,454
Financial Development	<u>14,104</u>	<u>6,246</u>
	<u>27,752</u>	<u>15,700</u>
Total expenses	<u>163,557</u>	<u>137,266</u>
Change in net assets	34,686	31,257
Net assets, beginning of year	<u>31,257</u>	<u>--</u>
Net assets, end of year	<u>\$65,943</u>	<u>\$31,257</u>

See accompanying notes and accountant's review report.

LIFESPARK CANCER RESOURCES
Statement of Functional Expenses
For the Year Ended December 31, 2007
(With comparative totals for 2006)

	<u>Energy</u>	<u>Supporting Services</u>		<u>2007</u>	<u>2006</u>
	<u>Partners</u>	<u>General and</u>	<u>Financial</u>	<u>Total</u>	<u>Total</u>
		<u>Administrative</u>	<u>Development</u>	<u>Expenses</u>	<u>Expenses</u>
Personnel expenses	\$ 35,741	\$ 6,478	\$ 2,458	\$44,677	\$ 29,319
Contributed services	61,640	600	--	62,240	67,740
Contract & professional services	13,349	1,454	5,877	20,680	10,544
Occupancy costs	11,803	812	2,139	14,754	15,902
Printing, postage & promotion	2,354	299	1,203	3,856	3,302
Supplies & equipment	3,078	557	213	3,848	2,960
Business insurance	3,080	558	212	3,850	2,636
Conferences, meetings & travel	1,924	632	1,806	4,362	2,073
Telecommunications & other	2,836	514	196	3,546	1,713
Depreciation	--	<u>1,744</u>	--	<u>1,744</u>	<u>1,077</u>
 Total expenses	 <u>\$135,805</u>	 <u>\$13,648</u>	 <u>\$14,104</u>	 <u>\$163,557</u>	 <u>\$137,266</u>

See accompanying notes and accountant's review report.

LIFESPARK CANCER RESOURCES
Statement of Cash Flows
For the Year Ended December 31, 2007
(With comparative totals for 2006)

	<u>2007</u>	<u>2006</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$34,686	\$31,257
Adjustments to reconcile to net cash provided by operating activities:		
Donated fixed assets	--	(5,900)
Depreciation	1,744	1,077
Changes in operating assets and liabilities:		
Increase in contributions receivable	(37,265)	--
Increase (decrease) in accounts payable	(4,893)	4,893
Increase in accrued payroll liabilities	<u>890</u>	<u>3,056</u>
Net cash flow from operating activities	<u>(4,838)</u>	<u>34,383</u>
Cash flow from investing activities:		
Purchase of fixed assets	<u>(1,130)</u>	<u>(2,255)</u>
Change in cash and cash equivalents	(5,968)	32,128
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	<u>32,128</u>	<u>—</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$26,160</u>	<u>\$32,128</u>
Supplemental disclosure of cash flow information:		
Non-cash investing activity:		
Donated fixed assets	<u>\$ --</u>	<u>\$5,900</u>
Non-cash operating activity:		
Donated program services & use of space	<u>\$75,480</u>	<u>\$81,465</u>
Interest received – cash basis	<u>\$457</u>	<u>\$19</u>

The accompanying notes are a part of this statement.

LIFESPARK CANCER RESOURCES

Notes to Financial Statements

December 31, 2007

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 2005 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

(Continued)

Notes to Financial Statements
December 31, 2007

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, 2007 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 2007, 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. During 2007, the Organization also received and recorded herein program supplies with a fair value of \$200.

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 \$62,240 fair value of services received during 2007 from the trained energy therapy practitioners met these criteria and are recorded under "contributed services," herein.

(Continued)

LIFESPARK CANCER RESOURCES

Notes to Financial Statements

December 31, 2007

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, 2007.

Note 2: Temporarily Restricted Net Assets

The Organization's \$10,000 of temporarily restricted net assets at December 31, 2006 represented a foundation grant received in December of 2006 that was restricted by the donor to the expansion of the "Energy Partners" program during 2007 and spent during 2007. The Organization's \$31,265 of temporarily restricted net assets at December 31, 2007 represent unconditional promises to give which are time restricted to be used within the time period they were originally pledged to be paid.