

**THE COALITION FOR PULMONARY FIBROSIS**  
**(A California Nonprofit Public Benefit Corporation)**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**For the Years Ended  
December 31, 2010 and 2009**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
The Coalition for Pulmonary Fibrosis  
Culver City, California

We have audited the accompanying statements of financial position of The Coalition for Pulmonary Fibrosis (a California nonprofit public benefit corporation), as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation'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 audits 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 in the first paragraph present fairly, in all material respects, the financial position of The Coalition for Pulmonary Fibrosis as of December 31, 2010 and 2009, 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.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of functional expenses are presented for the purposes of additional analysis and are not a required part of the basic financial statements of The Coalition for Pulmonary Fibrosis. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Doran & Associates*

May 3, 2011

**THE COALITION FOR PULMONARY FIBROSIS**  
**(A California Nonprofit Public Benefit Corporation)**

**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2010 and 2009**

	2010	2009
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents (Note 1)	\$ 750,810	\$ 945,871
Prepaid expenses	<u>8,369</u>	<u>8,369</u>
Total current assets	759,179	954,240
Marketable equity securities (Note 2)	7,728	22,026
Endowment cash equivalents (Note 3)	100,019	-
Furniture, fixtures, and equipment, net of accumulated depreciation of \$6,337 at 2010 and \$3,995 at 2009 (Notes 1 and 4)	<u>2,716</u>	<u>3,566</u>
Total assets	<u>\$ 869,642</u>	<u>\$ 979,832</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 450	\$ 51,350
Accrued vacation	<u>28,746</u>	<u>28,557</u>
Total liabilities	<u>29,196</u>	<u>79,907</u>
Net assets:		
Unrestricted net assets	432,920	508,602
Temporarily restricted net assets (Note 5)	307,526	391,323
Permanently restricted net assets (Note 3)	<u>100,000</u>	<u>-</u>
Total net assets	<u>840,446</u>	<u>899,925</u>
Total liabilities and net assets	<u>\$ 869,642</u>	<u>\$ 979,832</u>

The accompanying notes are an integral part of these financial statements.

**THE COALITION FOR PULMONARY FIBROSIS**  
**(A California Nonprofit Public Benefit Corporation)**

**STATEMENTS OF ACTIVITIES**  
**For the year ended December 31, 2010**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT, REVENUE AND TRANSFERS</b>				
Public support:				
Contributions	\$ 410,994	\$ 16,607	\$ 100,000	\$ 527,601
Grants	251,285	-	-	251,285
Special events, net (Note 6)	(3,659)	-	-	(3,659)
In-kind contributions (Note 7)	<u>10,106</u>	<u>-</u>	<u>-</u>	<u>10,106</u>
Total public support	<u>668,726</u>	<u>16,607</u>	<u>100,000</u>	<u>785,333</u>
Revenue:				
Investment income (Note 2)	302	19	-	321
Other revenue	<u>3,423</u>	<u>-</u>	<u>-</u>	<u>3,423</u>
Total revenue	<u>3,725</u>	<u>19</u>	<u>-</u>	<u>3,744</u>
Net assets released from restriction (Note 5)	<u>100,423</u>	<u>(100,423)</u>	<u>-</u>	<u>-</u>
Total public support, revenue and transfers	<u>772,874</u>	<u>(83,797)</u>	<u>100,000</u>	<u>789,077</u>
<b>EXPENSES</b>				
Program services	465,581	-	-	465,581
General and administrative	126,685	-	-	126,685
Fundraising	<u>256,290</u>	<u>-</u>	<u>-</u>	<u>256,290</u>
Total expenses	<u>848,556</u>	<u>-</u>	<u>-</u>	<u>848,556</u>
Change in net assets	(75,682)	(83,797)	100,000	(59,479)
Net assets, beginning of year	<u>508,602</u>	<u>391,323</u>	<u>-</u>	<u>899,925</u>
Net assets, end of year	<u>\$ 432,920</u>	<u>\$ 307,526</u>	<u>\$ 100,000</u>	<u>\$ 840,446</u>

The accompanying notes are an integral part of these financial statements.

**THE COALITION FOR PULMONARY FIBROSIS**  
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**STATEMENTS OF ACTIVITIES (CONTINUED)**  
**For the year ended December 31, 2009**

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT, REVENUE AND TRANSFERS</b>			
Public support:			
Contributions	\$ 907,127	\$ 53,857	\$ 960,984
Grants	147,774	76,260	224,034
Special events, net (Note 6)	(18,941)	-	(18,941)
In-kind contributions (Note 7)	<u>14,825</u>	<u>-</u>	<u>14,825</u>
Total public support	1,050,785	130,117	1,180,902
Revenue:			
Investment income (Note 2)	580	-	580
Net assets released from restrictions (Note 5)	<u>114,610</u>	<u>(114,610)</u>	<u>-</u>
Total support, revenue and transfers	<u>1,165,975</u>	<u>15,507</u>	<u>1,181,482</u>
<b>EXPENSES</b>			
Program services	478,737	-	478,737
General and administrative	126,686	-	126,686
Fundraising	<u>282,863</u>	<u>-</u>	<u>282,863</u>
Total expenses	<u>888,286</u>	<u>-</u>	<u>888,286</u>
Change in net assets	277,689	15,507	293,196
Net assets, beginning of year	329,295	277,434	606,729
Reclassification of net assets (Note 8)	<u>(98,382)</u>	<u>98,382</u>	<u>-</u>
Net assets, end of year, as restated	<u>\$ 508,602</u>	<u>\$ 391,323</u>	<u>\$ 899,925</u>

The accompanying notes are an integral part of these financial statements.

**THE COALITION FOR PULMONARY FIBROSIS**  
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**STATEMENTS OF CASH FLOWS**  
**For the year ended December 31, 2010 and 2009**

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (59,479)	\$ 293,196
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	2,342	3,245
Loss on disposal of equipment	-	2,908
Realized loss on investments	419	-
Unrealized (gain) loss on investments	(441)	3,056
Contributions of securities received	(15,556)	(16,795)
Changes in assets and liabilities:		
Prepaid expenses	-	12,215
Deficit of cash and cash equivalents	-	(3,319)
Accounts payable and accrued expenses	(50,900)	50,142
Accrued vacation	189	2,781
Total adjustments	<u>(63,947)</u>	<u>54,233</u>
Net cash (used) provided by operating activities	<u>(123,426)</u>	<u>347,429</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of furniture, fixtures and equipment	(1,492)	(3,558)
Sale of certificates of deposit	-	600,222
Sales of investments	29,876	1,778
Endowment cash equivalents	<u>(100,019)</u>	<u>-</u>
Net cash (used) provided by investing activities	<u>(71,635)</u>	<u>598,442</u>
Net (decrease) increase in cash and cash equivalents	(195,061)	945,871
Cash and cash equivalents, beginning of year	<u>945,871</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ 750,810</u>	<u>\$ 945,871</u>
Supplementary information:		
Non-cash transactions:		
Contributions of securities	<u>\$ 15,556</u>	<u>\$ 16,795</u>

The accompanying notes are an integral part of these financial statements.

**THE COALITION FOR PULMONARY FIBROSIS**  
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**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended December 31, 2010 and 2009**

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NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Coalition for Pulmonary Fibrosis (a California public benefit corporation) was founded in 2001 and incorporated in 2003 to accelerate research efforts leading to a cure for idiopathic pulmonary fibrosis (IPF), while educating, supporting, and advocating for the community of patients, families, and medical professionals fighting this disease. The Coalition's major source of revenue is contributions.

Basis of Presentation - Resources are classified for accounting and reporting purposes into three classes of net assets, according to externally imposed restrictions:

*Unrestricted net assets* - Net assets that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year.

*Temporarily restricted net assets* - Net assets resulting (a) from contributions and other inflows of assets whose use by the Coalition is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Coalition pursuant to those stipulations, (b) from other asset enhancements and diminishments that are subject to the same kind of stipulations, and (c) from reclassification from (or to) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the Coalition pursuant to those stipulations.

*Permanently restricted net assets* - Net assets resulting (a) from contributions and other inflows of assets whose use by the Coalition is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Coalition, (b) from other asset enhancements and diminishments that are subject to the same kinds of stipulations, and c) from reclassification from (or to) other classes of net assets as a consequence of donor-imposed stipulations.

There were no permanently restricted net assets as of December 31, 2009.

Method of Accounting - The financial statements of the Coalition are prepared using the accrual basis of accounting, which reflects revenue when earned and expenses as incurred.

Cash and Cash Equivalents - Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of the acquisition date.

**THE COALITION FOR PULMONARY FIBROSIS**  
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**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended December 31, 2010 and 2009**

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NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions - Contributions are recognized when the donor makes a promise to give to the Coalition that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Furniture, Fixtures and Equipment - The Coalition records furniture, fixtures and equipment at cost of acquisition, or, if donated, fair market value at date of donation. Depreciation is recognized using the straight-line method over the useful life of the assets, which ranges from five to seven years. The Coalition capitalizes all property and equipment with a cost in excess of \$1,000.

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.

Income Taxes - The Coalition is exempt from federal and state taxes under Section 501(c)(3) of the Internal Revenue Service Code and Section 23701d of the California Revenue and Taxation Code, and is considered by the IRS to be an organization other than a private foundation. In the opinion of management, there is no unrelated business income.

Accounts Receivable - It is the practice of the Coalition to expense uncollectibles only after exhausting all efforts to collect the amounts due. There is no allowance for doubtful accounts and management believes all amounts will be collected in full.

Recent Account Pronouncement - Accounting Standards Codification - In June 2009, the Financial Accounting Standards Board ("FASB") issued the Accounting Standards Codification ("Codification"). Effective July 1, 2009, the Codification is the single source of authoritative accounting principles recognized by the FASB to be applied by non-governmental entities in the preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP"). The Codification is intended to reorganize, rather than change, existing GAAP. Accordingly, all references to currently existing GAAP have been removed and have been replaced with plain English explanations of the Coalition's accounting policies. The adoption of the Codification did not have a material impact on the Coalition's financial position or results of activities.

New Accounting Pronouncement, ASC 820-10, Fair Value Measurements - In September 2006, the Financial Accounting Standards Board issued Accounting Standards Codification 820-10 (formerly Statement of Financial Accounting Standards No. 157 (FAS-157)), *Fair Value Measurements*. ASC 820-10 defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. The provisions of ASC 820-10 are effective for the Coalition for fiscal years beginning January 1, 2008. The adoption of ASC 820-10 did not have a material impact on the Coalition's financial statements.

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**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended December 31, 2010 and 2009**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events - Subsequent events have been evaluated through May 3, 2011, which is the date the financial statements were available to be issued.

New Accounting Pronouncement, Uniform Prudent Management of Institutional Funds Act (UPMIFA) and California's State Prudent Management of Institutional Funds Act (SPMIFA) - In 2008, SB1329 was adopted, changing the rules governing the investment of funds by a nonprofit public benefit corporation. The new legislation will apply to newly created investment funds, as well as existing funds held as of January 1, 2009. The adoption of this pronouncement did not have a material impact on the Coalition's financial statements.

New Accounting Principles, ASC 740-10, Accounting for Uncertainty in Income Taxes - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Coalition to report information regarding its exposure to various tax positions taken by the Coalition. The Coalition has determined whether any tax positions have met the recognition threshold and have measured the Coalition's exposure to those tax positions. Management believes that the Coalition has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Coalition are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

NOTE 2 MARKETABLE EQUITY SECURITIES

The following are the major categories of marketable equity securities measured at fair value on a recurring basis during the years ended December 31, 2010 and 2009, using quoted prices in active markets for identified assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

<u>Description</u>	<u>Fair Value Measurements at December 31, 2010, Using</u>			<u>Total</u>
	<u>Quoted Price in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
Common Stocks	<u>\$ 7,728</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,728</u>

**THE COALITION FOR PULMONARY FIBROSIS**  
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**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended December 31, 2010 and 2009**

NOTE 2 MARKETABLE EQUITY SECURITIES (Continued)

<u>Description</u>	<u>Fair Value Measurements at December 31, 2009, Using</u>			<u>Total</u>
	<u>Quoted Price in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
Common Stocks	<u>\$ 22,026</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,026</u>

The following summarizes investment income for the years ended December 31, 2010 and 2009, including amounts earned on certificates of deposit and interest-bearing cash accounts:

	<u>2010</u>	<u>2009</u>
Unrealized gain (loss) on investments	\$ 441	\$ (3,056)
Realized loss on investments	(419)	-
Interest income	<u>299</u>	<u>3,636</u>
	<u>\$ 321</u>	<u>\$ 580</u>

NOTE 3 ENDOWMENT ASSETS AND PERMANENTLY RESTRICTED NET ASSETS

The Coalition's endowment consists of one account containing cash equivalents established for the dissemination of information regarding Idiopathic Pulmonary Fibrosis (IPF) to IPF patients, caregivers and other interested persons. Its endowment includes donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Law - The Board of Directors of the Coalition has interpreted the California State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Coalition classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, if applicable. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA (see Note 1).

**THE COALITION FOR PULMONARY FIBROSIS**  
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**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended December 31, 2010 and 2009**

NOTE 3 ENDOWMENT ASSETS AND PERMANENTLY RESTRICTED NET ASSETS (Continued)

Interpretation of Law (Continued) - In accordance with SPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>Endowment Net Asset Composition by Type of Fund as of:</u>				
<u>December 31, 2010</u>				
Donor-restricted endowment funds	\$ -	\$ 19	\$ 100,000	\$ 100,019
Cash equivalents	\$ -	\$ 19	\$ 100,000	\$ 100,019
<u>Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2010</u>				
Endowment net assets, December 31, 2009	\$ -	\$ -	\$ -	\$ -
Investment return:				
Interest and dividends	-	19	-	19
Realized loss	-	-	-	-
Unrealized loss	-	-	-	-
Investment fees	-	-	-	-
Total investment return	-	19	-	19
Contributions	-	-	100,000	100,000
Appropriation of endowment assets for expenditure:				
Spending rule	-	-	-	-
Additional appropriations	-	-	-	-
Total appropriations	-	-	-	-
Endowment net assets, December 31, 2010	\$ -	\$ 19	\$ 100,000	\$ 100,019



**THE COALITION FOR PULMONARY FIBROSIS**  
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**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended December 31, 2010 and 2009**

NOTE 3 ENDOWMENT ASSETS AND PERMANENTLY RESTRICTED NET ASSETS (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

Due to the dollar value of funds available for appropriations, a spending rule has not yet been implemented. The Coalition intends to adopt a policy in the near future.

NOTE 4 FURNITURE, FIXTURES AND EQUIPMENT

Furniture, fixtures and equipment consist of the following at December 31, 2010 and 2009:

<u>Furniture, fixtures and equipment, at cost</u>	<u>Furniture and Fixtures</u>	<u>Computer Equipment</u>	<u>Total</u>
Balance, December 31, 2008	\$ 3,817	\$ 11,924	\$ 15,741
Additions	-	3,558	3,558
Disposals	<u>(3,817)</u>	<u>(7,921)</u>	<u>(11,738)</u>
Balance, December 31, 2009	-	7,561	7,561
Additions	<u>-</u>	<u>1,492</u>	<u>1,492</u>
Balance, December 31, 2010	<u>-</u>	<u>9,053</u>	<u>9,053</u>
<u>Accumulated depreciation</u>			
Balance, December 31, 2008	2,521	7,059	9,580
Depreciation expense	1,296	1,949	3,245
Disposals	<u>(3,817)</u>	<u>(5,013)</u>	<u>(8,830)</u>
Balance, December 31, 2009	-	3,995	3,995
Depreciation expense	<u>-</u>	<u>2,342</u>	<u>2,342</u>
Balance, December 31, 2010	<u>-</u>	<u>6,337</u>	<u>6,337</u>
Furniture, fixtures and equipment, net	<u>\$ -</u>	<u>\$ 2,716</u>	<u>\$ 2,716</u>

**THE COALITION FOR PULMONARY FIBROSIS**  
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**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended December 31, 2010 and 2009**

**NOTE 5 TEMPORARILY RESTRICTED NET ASSETS AND TEMPORARILY RESTRICTED NET ASSETS RELEASED FROM RESTRICTION**

These are contributions which were received with donor stipulations that limit the use of the assets for specific purposes and/or for specific time periods. Temporarily restricted net assets at December 31, 2010 and 2009, are designated for the following uses:

	2010	2009
Research	\$ 239,667	\$ 340,089
Research and Professional Education	61,029	44,423
Lung Transplant Education Materials	6,811	6,811
IPF Information Dissemination (endowment)	19	-
	\$ 307,526	\$ 391,323

During the years ended December 31, 2010 and 2009, temporarily restricted funds were used for their restricted purposes or were held for specific time periods, and they were released to unrestricted net assets as follows:

	2010	2009
Research	\$ 100,259	\$ 99,105
Research and Professional Education	164	15,505
	\$ 100,423	\$ 114,610

**NOTE 6 SPECIAL EVENTS**

During the years ended December 31, 2010 and 2009, the Coalition held several fundraising events, including a golf-tournament and several walk-a-thons. Revenue from special events was recorded at the fair market value for goods and services provided, with all amounts in excess of fair market value recorded as contributions. Auction revenue was reduced by the value of related in-kind goods and services provided as auctioned items. Special event revenue consisted of the following:

	2010	2009
Contributions	\$ 280,558	\$ 208,409
Grants	14,500	5,495
In-Kind	10,106	14,825
Event and auction revenue, net of fair market value and cost of direct donor benefit	(3,659)	(18,941)
Indirect Expenses	(51,002)	(25,738)
	\$ 250,503	\$ 184,050

**THE COALITION FOR PULMONARY FIBROSIS**  
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**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended December 31, 2010 and 2009**

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NOTE 7 IN-KIND CONTRIBUTIONS

During the years ended December 31, 2010 and 2009, the Coalition received the benefit of the following in-kind goods and services:

	<u>2010</u>	<u>2009</u>
Auction items	<u>\$ 10,106</u>	<u>\$ 14,825</u>

NOTE 8 RECLASSIFICATION OF NET ASSETS

During the year ended December 31, 2010, the Coalition performed a detailed analysis of funds received with donor restrictions, including amounts released in prior years. As a result of this analysis, a reclassification was made to increase temporarily restricted net assets by \$98,382 and reduce unrestricted net assets by the same amount.

NOTE 9 TAX SHELTERED ANNUITY

The Coalition has established a 403(b) deferred income plan for all employees who wish to participate. Voluntary contributions are made up to the extent permissible by law. The Coalition made no contribution to the plan during the years ended December 31, 2010 and 2009.

NOTE 10 LONG-TERM CONTRACT

In March 2008 the Coalition entered into a three-year contract for Convio advocacy software. The contract for \$41,760, or \$13,920 per year, expires May 2011. During the years ended December 31, 2010 and 2009, the Coalition paid \$13,920 each year to Convio.

NOTE 11 RISKS, UNCERTAINTIES AND CONCENTRATIONS

The Coalition relies on a significant amount of funding received in the form of donations and grants from individuals and foundations to support its operations. The current global financial markets and discussions of a U.S. economic downturn may have an impact on the level of funding provided by these sources. While it is impracticable to determine the impact of these events, management is taking steps to address potential changes in funding levels and reduce the Coalition's exposure to impact from these events.

NOTE 12 CONTINGENCIES

As of December 31, 2010, the Coalition had exceeded the Federal Depository Insurance Corporation limit and the Securities Investor Protection Corporation cash limit of \$250,000 on its depository accounts. At December 31, 2010, the Coalition had approximately \$560,000 on deposit in excess of federally insured limits.

**SUPPLEMENTARY INFORMATION**

**THE COALITION FOR PULMONARY FIBROSIS**  
**(A California Nonprofit Public Benefit Corporation)**

**SCHEDULES OF FUNCTIONAL EXPENSES**  
**For the year ended December 31, 2010**

	<u>Program Services</u>			General		
	Public	Total	and	Fundraising	Total	
	Relations/ Outreach	Program	Administrative			
Program						
Payroll salaries and benefits	\$ 174,046	\$ -	\$ 174,046	\$ 72,824	\$ 165,409	\$ 412,279
Office expenses	68,710	-	68,710	31,875	50,018	150,603
Professional services	208,028	8,230	216,258	19,646	6,835	242,739
Other expenses	<u>6,567</u>	<u>-</u>	<u>6,567</u>	<u>2,340</u>	<u>34,028</u>	<u>42,935</u>
	<u>\$ 457,351</u>	<u>\$ 8,230</u>	<u>\$ 465,581</u>	<u>\$ 126,685</u>	<u>\$ 256,290</u>	<u>\$ 848,556</u>

**THE COALITION FOR PULMONARY FIBROSIS**  
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**SCHEDULES OF FUNCTIONAL EXPENSES (CONTINUED)**  
**For the year ended December 31, 2009**

	Program Services			General and Administrative	Fundraising	Total
	Program	Public Relations/ Outreach	Total Program			
Payroll salaries and benefits	\$ 173,805	\$ -	\$ 173,805	\$ 63,786	\$ 158,715	\$ 396,306
Office expenses	81,846	-	81,846	22,801	78,711	183,358
Professional services	200,517	13,134	213,651	35,280	41,973	290,904
Other expenses	9,435	-	9,435	4,819	3,464	17,718
	<u>\$ 465,603</u>	<u>\$ 13,134</u>	<u>\$ 478,737</u>	<u>\$ 126,686</u>	<u>\$ 282,863</u>	<u>\$ 888,286</u>