
AMERICAN LUNG ASSOCIATION IN CALIFORNIA
AUDITED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

AMERICAN LUNG ASSOCIATION IN CALIFORNIA

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
American Lung Association in California
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of American Lung Association in California (a Non-Profit Organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from American Lung Association in California's 2012 financial statements and, in our report dated October 24, 2012 we expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respects, financial position of American Lung Association in California as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of expenditures for County of Alameda grants and *schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2013, on our consideration of American Lung Association in California'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering American Lung Association in California's internal control over financial reporting and compliance.

PwC
Oakland, California
October 22, 2013

AMERICAN LUNG ASSOCIATION IN CALIFORNIA
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013
(Summarized Totals for 2012)

ASSETS	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				<u>2013</u>	<u>2012</u>
Current assets:					
Cash (Note 1)	\$ 3,189,036	\$ 60,760	\$	\$ 3,249,796	\$ 2,195,460
Accounts receivable (Note 2)	1,580,605			1,580,605	1,356,553
Prepaid expenses and deposits	<u>58,102</u>			<u>58,102</u>	<u>59,300</u>
Total current assets	<u>4,827,743</u>	<u>60,760</u>		<u>4,888,503</u>	<u>3,611,313</u>
Noncurrent assets:					
Certificate of deposit					1,015
Bequest receivable					1,800,000
Long-term investments (Note 3)	9,853,070		24,633	9,877,703	7,296,473
Beneficial interest in perpetual trust (Note 5)			14,808,353	14,808,353	13,923,323
Security deposits	30,749			30,749	27,749
Charitable gift annuities (Note 13)	533,440			533,440	596,852
Nonqualified deferred compensation (Note 14)	235,000			235,000	
Other assets					163
Property and equipment, net (Note 6)	<u>1,126,680</u>			<u>1,126,680</u>	<u>1,169,513</u>
Total noncurrent assets	<u>11,778,939</u>		<u>14,832,986</u>	<u>26,611,925</u>	<u>24,815,088</u>
Total assets	<u>\$ 16,606,682</u>	<u>\$ 60,760</u>	<u>\$ 14,832,986</u>	<u>\$ 31,500,428</u>	<u>\$ 28,426,401</u>
 LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable - ALA	\$ 280,339	\$	\$	\$ 280,339	\$ 316,435
Accounts payable - other	884,237			884,237	1,106,135
Accrued 403(b) plan liability	188,866			188,866	125,389
Accrued leave	242,741			242,741	264,050
Deferred revenue	266,405			266,405	203,713
Charitable gift annuities (Note 13)	<u>602,472</u>			<u>602,472</u>	<u>637,712</u>
Total current liabilities	<u>2,465,060</u>			<u>2,465,060</u>	<u>2,653,434</u>
Nonqualified deferred compensation (Note 14)	235,000			235,000	
Accrued pension (Note 10)	<u>1,370,890</u>			<u>1,370,890</u>	<u>1,359,003</u>
Total liabilities	<u>4,070,950</u>			<u>4,070,950</u>	<u>4,012,437</u>
Net assets	<u>12,535,732</u>	<u>60,760</u>	<u>14,832,986</u>	<u>27,429,478</u>	<u>24,413,964</u>
Total liabilities and net assets	<u>\$ 16,606,682</u>	<u>\$ 60,760</u>	<u>\$ 14,832,986</u>	<u>\$ 31,500,428</u>	<u>\$ 28,426,401</u>

The accompanying notes are an integral part of these financial statements

AMERICAN LUNG ASSOCIATION IN CALIFORNIA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013
(Summarized Totals for 2012)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				<u>2013</u>	<u>2012</u>
PUBLIC SUPPORT AND REVENUES					
Contributions and donations:					
Direct mail:					
Other direct mail	\$ 2,763,477	\$	\$	\$ 2,763,477	\$ 2,832,363
Special events, net of \$151,915 direct expenses (Note 9)	1,097,196			1,097,196	1,141,756
Other contributions:					
Workplace giving	71,757			71,757	94,825
Memorials	104,046			104,046	119,591
Bequests	3,724,483			3,724,483	4,395,883
Other donations	473,857			473,857	365,656
Individual gifts	293,625			293,625	285,420
Total contributions and donations	8,528,441			8,528,441	9,235,494
Revenues:					
Foundation grants	314,651	150,945		465,596	506,741
Government grants	2,643,186			2,643,186	3,106,192
Corporation grants	219,543			219,543	116,300
Grants from ALA					18,750
Interest and dividends	229,385			229,385	202,614
Program service fees and sales	120,193			120,193	126,728
Shareable income	330,659			330,659	181,962
Other revenue	403,930			403,930	469,865
Total revenues	4,261,547	150,945		4,412,492	4,729,152
Net assets released from restrictions	212,246	(211,231)	(1,015)		
Total public support and revenues	13,002,234	(60,286)	(1,015)	12,940,933	13,964,646
EXPENSES					
Program services:					
Asthma	1,430,182			1,430,182	1,578,857
Environmental health	775,522			775,522	2,101,748
Tobacco control	5,673,493			5,673,493	4,795,013
Community health services	3,695			3,695	2,376
Other lung diseases	421,558			421,558	331,665
Research	442,316			442,316	660,296
Total program services	8,746,766			8,746,766	9,469,955
Supporting services:					
Management and general	927,640			927,640	786,771
Fundraising	828,765			828,765	1,209,058
Total supporting services	1,756,405			1,756,405	1,995,829
Payments to national office	912,577			912,577	787,044
Total expenses	11,415,748			11,415,748	12,252,828
Change in net assets from operations	1,586,486	(60,286)	(1,015)	1,525,185	1,711,818
NON-OPERATING ACTIVITIES					
Investments:					
Increase (decrease) in value of Swall Foundation (Note 5)			885,030	885,030	(91,283)
Change in value of gift annuities	(28,171)			(28,171)	(58,403)
Gain on asset disposal/donation	40,000			40,000	17,110
Realized gain (loss) on investments	1,013,600			1,013,600	331,127
Unrealized gain (loss) on investments	(324,393)			(324,393)	(609,982)
Net loss on value of other assets	150			150	(20,043)
Pension expense	(95,887)			(95,887)	(900,050)
Change in net assets	2,191,785	(60,286)	884,015	3,015,514	380,294
Net assets, beginning	10,343,947	121,046	13,948,971	24,413,964	24,033,670
Net assets, ending	\$ 12,535,732	\$ 60,760	\$ 14,832,986	\$ 27,429,478	\$ 24,413,964

The accompanying notes are an integral part of these financial statements

AMERICAN LUNG ASSOCIATION IN CALIFORNIA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2013
(Summarized Totals for 2012)

	Program Services						Supporting Services				Total	
	Asthma	Environmental Health	Tobacco Control	Other Lung Diseases	Community Health Services	Research	Total	Management and General	Fund Raising	Total	2013	2012
Personnel Expenses	\$ 646,473	\$ 529,793	\$ 3,188,824	\$ 199,182	\$ 386	\$ -	\$ 4,564,658	\$ 416,933	\$ 49,292	\$ 466,225	\$ 5,030,883	\$ 4,835,969
Program Expenses	390,792	44,999	887,375	90,097	3,164	442,316	1,858,743	124,742	757,088	881,830	2,740,573	3,529,349
Professional Fees	86,775	60,837	557,635	34,514	42	-	739,803	157,666	5,613	163,279	903,082	1,106,787
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	6,384
Supplies	15,882	13,388	90,606	5,964	11	-	125,851	3,549	1,404	4,953	130,804	152,780
Telephone	13,142	8,149	50,111	6,928	7	-	78,337	7,956	3,188	11,144	89,481	84,075
Postage & Shipping	7,067	4,766	31,497	1,669	5	-	45,004	4,176	713	4,889	49,893	43,218
Occupancy	29,861	19,066	164,315	21,688	27	-	234,957	66,497	3,399	69,896	304,853	381,503
Maintenance & Repairs	5,085	3,172	27,285	1,712	4	-	37,258	11,196	566	11,762	49,020	41,475
Equipment Rental	6,550	5,492	27,574	2,811	4	-	42,431	2,754	568	3,322	45,753	54,585
Conferences, Conventions & Meetings	39,091	32,726	233,595	20,507	25	-	325,944	2,098	3,152	5,250	331,194	335,006
Printing & Publications	18,608	6,096	55,058	11,309	7	-	91,078	337	890	1,227	92,305	95,281
Dues & Subscriptions	1,736	1,263	14,691	545	2	-	18,237	200	208	408	18,645	14,839
Depreciation	6,837	4,580	30,585	2,146	6	-	44,154	44,465	816	45,281	89,435	100,165
Miscellaneous	162,283	41,195	314,342	22,486	5	-	540,311	85,071	1,868	86,939	627,250	684,368
	<u>1,430,182</u>	<u>775,522</u>	<u>5,673,493</u>	<u>421,558</u>	<u>3,695</u>	<u>442,316</u>	<u>8,746,766</u>	<u>927,640</u>	<u>828,765</u>	<u>1,756,405</u>	<u>10,503,171</u>	<u>11,465,784</u>
Payments to national office	<u>127,302</u>	<u>69,030</u>	<u>505,003</u>	<u>37,523</u>	<u>329</u>	<u>91,258</u>	<u>830,445</u>	<u>54,755</u>	<u>27,377</u>	<u>82,132</u>	<u>912,577</u>	<u>787,044</u>
Total expenses	\$ <u>1,557,484</u>	\$ <u>844,552</u>	\$ <u>6,178,496</u>	\$ <u>459,081</u>	\$ <u>4,024</u>	\$ <u>533,574</u>	\$ <u>9,577,211</u>	\$ <u>982,395</u>	\$ <u>856,142</u>	\$ <u>1,838,537</u>	\$ <u>11,415,748</u>	\$ <u>12,252,828</u>
Percent of total functional expenses	<u>14%</u>	<u>7%</u>	<u>54%</u>	<u>4%</u>	<u>0%</u>	<u>5%</u>	<u>84%</u>	<u>9%</u>	<u>7%</u>	<u>16%</u>	<u>100%</u>	<u>100%</u>

The accompanying notes are an integral part of these financial statements

AMERICAN LUNG ASSOCIATION IN CALIFORNIA
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2013

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,015,514	\$ 380,294
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and write-offs	89,435	100,165
Gain on asset disposal/donation	(40,000)	(17,110)
Unrealized/realized loss on investments	324,393	609,982
(Increase) decrease in:		
Accounts receivable	(224,052)	556,267
Bequest receivable	1,800,000	(1,800,000)
Prepaid expenses and other assets	1,361	(40,691)
Value of trusts	(885,030)	91,283
Gift annuity	28,171	58,403
Security deposits	(3,000)	1,501
Accounts payable and accrued leave	(279,303)	698,259
Deferred revenue	62,692	(1,086)
Accrued 403(b) plan	63,477	75,389
Accrued pension	11,887	756,303
	<u>3,965,545</u>	<u>1,468,959</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of equipment, net of disposals	(6,602)	(20,256)
Proceeds from disposal of fixed asset	-	36,988
Purchase of investments	(2,904,607)	(243,410)
	<u>(2,911,209)</u>	<u>(226,678)</u>
Net cash used in investing activities		
Cash flows from financing activities:		
Payment for borrowings	-	(650,000)
	<u>-</u>	<u>(650,000)</u>
Net cash used in financing activities		
Net increase in cash	1,054,336	592,281
Cash at beginning of the year	<u>2,195,460</u>	<u>1,603,179</u>
Cash at end of the year	<u>\$ 3,249,796</u>	<u>\$ 2,195,460</u>
Supplemental disclosure:		
Cash paid for interest	<u>\$ -</u>	<u>\$ 6,384</u>

The accompanying notes are an integral part of these financial statements

**AMERICAN LUNG ASSOCIATION IN CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization:

The American Lung Association in California (ALA in CA) is a not-for-profit voluntary health agency dedicated to the conquest of lung disease and the promotion of lung health. ALA in CA conducts programs to inform the public of environmental health issues, smoking and health hazards, lung disease and community health in the State of California. The sources of ALA in CA's income are from shared income of affiliates, public donations and government grants.

A. Basis of Accounting

The financial statements of ALA in CA have been prepared on the accrual basis of accounting.

B. Financial Statement Presentation

Financial position and activities of ALA in CA are presented according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A statement of cash flows is also presented.

The costs of providing the various programs and other activities of ALA in CA have been summarized on a functional basis in the statements of activities and functional expenses. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by using consistent allocation percentages which management believes reflect actual time spent by employees or benefits received from expenditures.

C. Use of Estimates

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

D. Concentration of Cash

ALA in CA maintains its cash balances in a financial institution located in Northern California. All deposits maintained in an insured depository institution are insured up to \$250,000 per bank by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2013, ALA in CA had bank accounts with cash balance of \$3,247,107 before reconciling items. The bank balance exceeded FDIC's insurance limit by \$2,997,105. It is the opinion of the management that the solvency of the financial institution is not of particular concern at this time.

E. Property and Equipment

Property and equipment are recorded at cost, if purchased. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purchase. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, ALA in CA reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. ALA in CA reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

ALA in CA follows the practice of capitalizing, at cost, all expenditures for property, furniture and equipment in excess of \$2,000. Depreciation is computed on a straight-line basis over the estimated useful lives of all assets ranging from 3 to 50 years.

F. Investments

Generally accepted accounting principles require that non-profit organizations report certain investments at fair value. In accordance with that guidance ALA in CA accounts for its equity securities that have readily determinable market values by recording and reporting those securities at fair value. Information about the fair value of investments and the unrealized gains and losses is discussed in Note 3.

G. Grants and Contract Revenue Recognition

Revenue from grants and contracts is recognized to the extent of expenses incurred applicable to the grant or contract.

H. Restricted and Unrestricted Revenue

Contributions including unconditional promise to give are recognized as revenues in the period the promise is received. Contributions, bequests, investment income and gains 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, bequests, investment income and gains 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 and reported in the statement of activities as net assets released from restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Interest earned on designated funds is used to support the activities of the designated funds.

I. Bequests

Bequests are recognized as income at the time an unassailable right to the gift has been established and the proceeds are measurable in amount.

J. Donated Materials and Services

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by ALA in CA. A substantial number of volunteers have contributed significant amounts of time to ALA in CA. Amounts for these contributed services are not reflected in the accompanying financial statements since the above criteria were not met. Donated materials are reported at fair market value at the date the contribution is received.

K. Fair Value Measurements

ALA in CA believes that the carrying value of its financial instruments approximates their fair values. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets with the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while ALA in CA believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. See Note 4.

L. Income Taxes

ALA in CA is not a private foundation and is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and from state franchise tax under Revenue and Taxation Code Section 23701(d).

ALA in CA has adopted the accounting guidance related to uncertain tax positions, and has evaluated its tax positions and believes that all of the positions taken by ALA in CA in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. ALA in CA's returns for years ended June 30, 2012, 2011 and 2010 are subject to examination by federal and state taxing authorities generally for three years after they are filed.

M. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with ALA in CA's financial statements for the year ended June 30, 2012, from which summarized information was derived.

NOTE 2: ACCOUNTS RECEIVABLE

A summary of accounts receivable is as follows:

	2013	2012
Tuberculosis grants	\$ 226,471	\$ 92,442
Tobacco grants	681,043	727,522
Asthma grants	92,246	28,574
Other receivables	580,845	508,015
Total	\$ 1,580,605	\$ 1,356,553

The accounts receivable are considered by management to be fully collectible.

NOTE 3: LONG TERM INVESTMENTS

Investments in marketable securities are recorded at fair value. The historical cost and fair value are summarized as follows:

	2013			2012		
	Cost	Fair Value	Net Gains (Loss)	Cost	Fair Value	Net Losses
Investments:						
Money Funds	\$ 1,967,385	\$ 1,967,385	\$ -	\$ -	\$ -	\$ -
Equity funds	7,314,480	7,883,517	569,037	6,417,000	7,270,911	853,911
Total	9,281,865	9,850,902	569,037	6,417,000	7,270,911	853,911
Beneficiary interest in Swall Foundation (Note 5)	11,024,826	14,808,353	3,783,527	11,141,898	13,923,323	2,781,425
Investment in San Diego Foundation	26,801	26,801	-	25,562	25,562	-
Total	\$ 20,333,492	\$ 24,686,056	\$ 4,352,564	\$ 17,584,460	\$ 21,219,796	\$ 3,635,336

ALA in CA has investments in the San Diego Foundation, which are classified as permanently restricted as the investments must be maintained in perpetuity. The funds held at San Diego Foundation are invested in a “Balanced Pool” portfolio, which is structured for long term total return.

NOTE 4: FAIR VALUE MEASUREMENTS

The following table sets forth, within fair value hierarchy, ALA in CA’s assets at fair value. There have been no changes in the methodologies used at June 30, 2013 and 2012.

	Assets at Fair Value as of June 30, 2013			
	Level 1	Level 2	Level 3	Total
Long-term investments:				
Money funds	\$ 1,995,114	\$	\$ 194,206	\$ 2,189,320
Government bonds			280,626	280,626
Municipal bonds	2,280,111		12,042	2,292,153
Corporate bonds			1,749,922	1,749,922
Funds	974,260		6,909,257	7,883,517
Equities	4,601,417		5,662,300	10,263,717
Investment in San Diego Foundation	26,801			26,801
Total assets	\$ <u>9,877,703</u>	\$	\$ <u>14,808,353</u>	\$ <u>24,686,056</u>

	Assets at Fair Value as of June 30, 2012			
	Level 1	Level 2	Level 3	Total
Long-term investments:				
Money funds	\$ 99,933	\$	\$ 95,081	\$ 195,014
Government bonds			421,435	421,435
Municipal bonds	2,313,158		18,056	2,331,214
Corporate bonds			1,875,513	1,875,513
Funds	915,777		6,354,333	7,270,110
Equities	3,942,043		5,158,905	9,100,948
Investment in San Diego Foundation	25,562			25,562
Total assets	\$ <u>7,296,473</u>	\$	\$ <u>13,923,323</u>	\$ <u>21,219,796</u>

Fair values for investments and interests in perpetual trusts are determined by reference to quoted market prices and other relevant information generated by market transactions. There were no transfers between level 1 and level 2 during the years ended June 30, 2013 and 2012.

During the years ended June 30, 2013 and 2012, there were no transfers in and out of Level 3. The reconciliation of activities in 2013 and 2012 for assets measured at fair value based on significant unobservable (non-market) information is shown in Note 5.

NOTE 5: BENEFICIAL INTEREST IN PERPETUAL TRUST

After the last residual beneficiary individual of the Earle Swall Trust (the Trust) deceased in 2007, ALA in CA is one of the five charitable beneficiaries that receive investment income distributions from the Trust. Assets in the Trust were entirely transferred to the Swall Foundation in 2008. The following schedule summarizes the investment return and fair value of ALA in CA's beneficial interest in the Swall Foundation at June 30, 2013 and 2012.

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 13,923,323	\$ 14,014,606
Net increase/(decrease) in beneficial interest	<u>885,030</u>	<u>(91,283)</u>
Balance, end of year	<u>\$ 14,808,353</u>	<u>\$ 13,923,323</u>

NOTE 6: PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

	<u>2013</u>	<u>2012</u>
Land	\$ 613,207	\$ 613,207
Building and improvements	994,970	954,970
Leasehold improvements	335,124	335,124
Office furniture and equipment	<u>1,039,864</u>	<u>1,038,005</u>
Total	2,983,165	2,941,306
Less: Accumulated depreciation	<u>(1,856,485)</u>	<u>(1,771,793)</u>
Total	<u>\$ 1,126,680</u>	<u>\$ 1,169,513</u>

Depreciation expense amounted to \$89,435 and \$100,165 for the years ended June 30, 2013 and 2012, respectively.

NOTE 7: BORROWINGS

ALA in CA had a \$500,000 line of credit with Bank of the West and had no outstanding balance drawn on this line of credit at June 30, 2013. This line of credit matured on July 1, 2013 and was renewed on October 16, 2013.

NOTE 8: LEASE COMMITMENTS**Non-Cancellable Operating Leases**

ALA in CA has non-cancellable operating leases for its office spaces at various locations in California. Details are as follows:

<u>Location</u>	<u>Annual Lease Payments</u>	<u>Expiration Date</u>
Oakland - State office	\$ 1,827	April, 2014
Sacramento	\$ 67,913	March, 2018
Bakersfield	\$ 28,960	August, 2014
Los Angeles	\$ 74,298	November, 2017

ALA in CA also leases equipment as follows:

<u>Location</u>	<u>Monthly Payments</u>	<u>Expiration Date</u>
Oakland - State office	\$ 511	July, 2017
San Bernadino	\$ 348	May, 2017
Bakersfield	\$ 166	December, 2015
Fresno	\$ 533	August, 2014
Los Angeles	\$ 304	January, 2014
Sacramento	\$ 526	July, 2017
San Diego	\$ 811	March, 2015

Minimum future annual rental payments under non-cancellable operating leases (for office spaces) having remaining payments as of June 30, 2013 are:

<u>Fiscal Years Ending June 30,</u>	<u>State office</u>	<u>Bakersfield</u>	<u>Los Angeles</u>	<u>Sacramento</u>	<u>Total</u>
2014	\$ 1,675	\$ 30,056	\$ 72,889	\$ 78,208	\$ 182,828
2015		5,040	75,076	80,794	160,910
2016			77,328	83,379	160,707
2017			79,648	85,965	165,613
2018			33,594	65,928	99,522
	<u>\$ 1,675</u>	<u>\$ 35,096</u>	<u>\$ 338,535</u>	<u>\$ 394,274</u>	<u>\$ 769,580</u>

NOTE 9: SPECIAL EVENTS - NET OF DIRECT EXPENSES

The following is a summary of special events income:

	<u>2013</u>	<u>2012</u>
Gross revenue	\$ 1,249,111	\$ 1,303,137
Direct expenses	<u>(151,915)</u>	<u>(161,381)</u>
	<u>\$ 1,097,196</u>	<u>\$ 1,141,756</u>

NOTE 10: PENSION PLAN

ALA in CA has a non-contributory defined benefit plan (Plan) covering all employees who meet the eligibility requirements. To be eligible, an employee must be 21 years of age but less than 60 years at hire and have completed one year of service. Plan assets primarily consist of listed securities. Changes in these values attributable to differences between actual and assumed returns on plan assets are deferred as unrecognized gains or losses and amortized in the determination of net pension expense over time. The measurement date used to determine the pension measurements for the majority of plan assets and benefit obligations was June 30 of each year.

The following table, as provided by the Plan's outside administrator, sets forth the Plan's funded status and amounts recognized in ALA in CA's financial statements at June 30, 2013 and June 30, 2012.

	<u>2013</u>	<u>2012</u>
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 6,044,872	\$ 4,974,765
Interest cost	234,118	291,203
Actuarial loss (gain)	(33,208)	923,089
Benefits paid	(305,332)	(144,185)
	<u>5,940,450</u>	<u>6,044,872</u>
Benefit obligation at end of year	\$ <u>5,940,450</u>	\$ <u>6,044,872</u>
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 4,685,869	\$ 4,372,065
Net return on plan assets	26,166	285,240
Employer contributions	162,857	172,749
Benefits paid	(305,332)	(144,185)
	<u>4,569,560</u>	<u>4,685,869</u>
Fair value of assets at end of year	\$ <u>4,569,560</u>	\$ <u>4,685,869</u>
Funded status at end of year	\$ (1,370,890)	\$ (1,359,003)
Amount recognized in the statement of financial position consist of :		
Non-current liabilities	(1,370,890)	(1,359,003)
Accumulated benefit obligation at end of year	5,940,450	6,044,872
Information for pension plans with an accumulated benefit obligation in excess of plan assets		
Projected benefit obligation	5,940,450	6,044,872
Accumulated benefit obligation	5,940,450	6,044,872
Fair value of plan assets	4,569,560	4,685,869
Net periodic benefit cost and other changes in unrestricted net assets		
Net periodic benefit cost	45,269	31,940
Recognized net loss	144,641	897,112
Prior service credit	(15,166)	
	<u>174,744</u>	<u>929,052</u>
Total	\$ <u>174,744</u>	\$ <u>929,052</u>
Weighted average assumptions used to determine benefit obligation as of June 30		
Discount rate	4.75%	4.25%
Rate of compensation increase	N/A	N/A

Weighted average assumptions used to determine net periodic benefit costs for the year ended June 30,

Discount rate	4.25%	5.75%
Rate of compensation increase	N/A	N/A
Expected return on plan assets	5.00%	6.00%

Asset allocation

Asset category		
Equity securities	19.40%	30.00%
Debt securities	72.43%	67.00%
Real estate	3.69%	0.00%
Cash and cash equivalents	4.48%	3.00%
	<u>100%</u>	<u>100%</u>

Benefits expected to be paid for fiscal

Year beginning July 1

2013	\$	384,360
2014		461,873
2015		353,800
2016		476,369
2017		389,061
2018-2022		1,332,781

The following are the major categories of plan assets at fair value as of June 30, 2013 and 2012:

	June 30, 2013		
	Level 1	Level 2	Total
Money funds	\$ 231,794	\$	\$ 231,794
Common stocks	883,858		883,858
U.S. Treasury bonds	353,810		353,810
Corporate bonds		3,086,361	3,086,361
Joint venture		13,737	13,737
Total	\$ <u>1,469,462</u>	\$ <u>3,100,098</u>	\$ <u>4,569,560</u>

	June 30, 2012		
	Level 1	Level 2	Total
Money funds	\$ 104,124	\$	\$ 104,124
Common stocks	727,802		727,802
U.S. Treasury bonds	721,295		721,295
Corporate bonds		2,974,490	2,974,490
Joint venture		158,185	158,185
Total	\$ <u>1,553,221</u>	\$ <u>3,132,675</u>	\$ <u>4,685,896</u>

Rate of return on assets assumption:

Effective July 1, 2012, the expected long term rate of return on assets assumption is 6.50%. As defined in *ASC 715 Compensation - Retirement Benefits*, this assumption represents the rate of return on plan assets reflecting the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the benefit obligation. The assumption has been determined by reflecting expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class.

Investment strategy:

In order to meet its needs, the investment strategy of ALA in CA emphasizes total return; that is, the aggregate return from capital appreciation, dividend income, and interest income.

Specifically, the primary objective in the investment management of plan assets is:

Income and growth – To achieve a balanced return of current income and appropriate growth of principal.

The secondary objective in the investment management of plan assets is:

Preservation of Purchasing Power after Spending – To achieve returns in excess of the rate of inflation plus spending over the investment horizon in order to preserve the purchasing power of plan assets.

Additional objectives for ALA in CA are preservation of capital and minimization of costs.

Risk control is an important element in the investment of plan assets and is achieved through a diversified target allocation and the prohibition of investing in derivative instruments, private placements, limited partnerships, and venture capital investments. In addition, short selling and margin transactions are prohibited.

Investments in companies that derive their revenue from the manufacture and sale of tobacco products are strictly prohibited.

Freeze of Plan Benefit Accruals:

In May 2009, ALA in CA's management decided to implement a freeze of future Plan benefit accruals effective June 30, 2009 in light of ALA in CA's current financial situation, the reductions in staff, and the organizational structure. As set forth in the Plan's funded status as of June 30, 2013, benefit obligation decreased by approximately \$100,000 during fiscal year 2013.

NOTE 11: ALLOCATION OF JOINT COSTS OF INFORMATIONAL MATERIAL AND ACTIVITIES ASSOCIATED WITH FUND RAISING APPEALS

Included in functional expenses are joint costs of activities, which are allocated as follows:

- To program services to the extent they are intended to inform or educate the public concerning respiratory health.
- To supporting services including fund raising to the extent they are intended to induce the contribution of financial resources or enhance the image of ALA in CA.

The following is an allocation of these costs:

	<u>2013</u>	<u>2012</u>
Program services	\$ <u>1,007,262</u>	\$ <u>884,294</u>
Support services:		
Management and general	313,583	332,989
Fundraising	<u>588,742</u>	<u>812,776</u>
	<u>902,325</u>	<u>1,145,765</u>
Total	\$ <u><u>1,909,587</u></u>	\$ <u><u>2,030,059</u></u>

NOTE 12: RELATED PARTY TRANSACTIONS

ALA in CA carries out the mission of American Lung Association (ALA) in the state of California. Some of the board members of ALA in CA are also on the Board of ALA. ALA in CA has entered into an agreement with ALA. ALA in CA pays 13% of the shareable income to finance ALA office and program activities. ALA in CA paid \$912,577 and \$787,044 in shareable income fees for fiscal years 2013 and 2012, respectively.

NOTE 13: CHARITABLE GIFT ANNUITIES

Charitable gift annuity agreements require periodic payment of either the income earned or a fixed percentage of the assets to designated beneficiaries and terminate either at a specific time, or upon the death of the designated individual. ALA in CA's gift annuity agreements are currently administered through Comerica. An asset for each gift annuity is established at the fair value of the gift. A liability is also recorded for each gift annuity based upon an actuarial calculation at a discount rate of 3.2% during the years ended June 30, 2013 and 2012. Asset and liability associated with charitable gift annuities is \$533,440 and \$602,472, respectively, at June 30, 2013 and \$596,852 and \$637,712 at June 30, 2012.

NOTE 14: NONQUALIFIED DEFERRED COMPENSATION

ALA in CA has been making monthly payments since May 2009 in the amount of approximately \$1,730 to its former CEO for the services the CEO rendered to ALA in CA before his retirement in 2005. The contribution will continue indefinitely through the CEO's remaining life. The payment is defined as nonqualified deferred compensation, which is accounted for by ALA in CA as an unfunded general obligation. Payout is made from operations. At June 30, 2013, balance for unfunded retirement liability was \$235,000.

NOTE 15: EVALUATION OF SUBSEQUENT EVENTS

The management of ALA in CA have reviewed the results of operations for the period of time from its year end June 30, 2013 through October 22, 2013, the date the financial statements were available to be issued and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

SUPPLEMENTARY INFORMATION

**AMERICAN LUNG ASSOCIATION IN CALIFORNIA
STATEMENT OF EXPENDITURES FOR COUNTY OF ALAMEDA GRANTS
FOR THE YEAR ENDED JUNE 30, 2013**

Master Contract: Consolidated PHSVC 900665

Contract Number:	900665	900665	900665	
Encumbrance/File Number:	*	*	*	
Contract Period:	07/1/12-6/30/13	07/1/12-6/30/13	07/1/12-6/30/13	
	Tobacco Coalition <u>2502</u>	Tobacco Community <u>2503</u>	Tobacco Cessation <u>2504</u>	<u>Total</u>
Contract Amount	\$ <u>42,000</u>	\$ <u>122,000</u>	\$ <u>90,000</u>	\$ <u>254,000</u>
Salaries	26,500	-	68,023	94,523
Fringe benefits and payroll taxes	3,845	-	12,096	15,941
Consultants/Community grants	-	110,800	-	110,800
Communications	840	-	594	1,434
Staff and volunteer travel	584	-	1,278	1,862
Conferences, conventions, and meetings	564	-	288	852
Duplicating	500	-	300	800
Printing and publications	4	-	60	64
Postage	84	-	167	251
Website	-	-	172	172
Office supplies	47	-	181	228
Equipment rental and maintenance	-	-	-	-
Promotional Items/Incentives	1,472	-	650	2,122
Indirect (admin) cost	<u>5,476</u>	<u>11,126</u>	<u>8,349</u>	<u>24,951</u>
 Total expenses	 <u>39,916</u>	 <u>121,926</u>	 <u>92,158</u>	 <u>254,000</u>
 Amount reimbursed by the County of Alameda	 <u>\$ 36,379</u>	 <u>\$ 63,249</u>	 <u>\$ 77,764</u>	 <u>\$ 177,392</u>

**AMERICAN LUNG ASSOCIATION IN CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2013**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services:</u>			
Pass-Through Programs From:			
California Department of Public Health			
Collaborative Chronic Disease - Health Promotion and Surveillance Program	93.283	174-320-4993-A1	\$ <u>9,056</u>
Public Health Institute -			
Public Prevention Health Fund - Community Transformation Grant	93.531	194-164-6278-A1	114,550
County of Los Angeles - Department of Public Health			
Chronic Disease and Injury Prevention	93.531	PH-002144	<u>69,737</u>
			<u>184,287</u>
County of Riverside - Health Services Agency			
Tuberculosis Education and Prevention	93.116	FEDS1011ISIT	<u>379,480</u>
Tuberculosis Prevention and Control - refugee health	93.576	08-33-90840-00	<u>4,293</u>
Total Pass-Through			<u>577,116</u>
Total U.S. Department of Health and Human Services			<u>577,116</u>
<u>U.S. Environmental Protection Agency</u>			
Asthma Grant	66.034		<u>23,617</u>
Total U.S. Environmental Protection Agency			<u>23,617</u>
Total Expenditures of Federal Awards			\$ <u><u>600,733</u></u>

Note: Basis of Presentation

The above schedule of expenditures of federal awards includes the federal grant activity of American Lung Association in California and is presented on an accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors
American Lung Association in California
Oakland, California

We have audited, in accordance with the 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, the financial statements of American Lung Association in California (a Non-Profit Organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 22, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered American Lung Association in California's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of American Lung Association in California's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether American Lung Association in California's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Palmieri & Associates
Oakland, California
October 22, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

The Board of Directors
American Lung Association in California
Oakland, California

Report on Compliance for Each Major Federal Program

We have audited American Lung Association in California's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of American Lung Association in California's major federal programs for the year ended June 30, 2013. American Lung Association in California's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of American Lung Association in California's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about American Lung Association in California's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of American Lung Association in California's compliance.

Opinion on Each Major Federal Program

In our opinion, American Lung Association in California complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

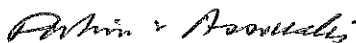
Report on Internal Control Over Compliance

Management of American Lung Association in California is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered American Lung Association in California's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of American Lung Association in California's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Oakland, California
October 22, 2013.

**AMERICAN LUNG ASSOCIATION IN CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	<i>Unqualified</i>
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major program:	<i>Unqualified</i>
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.116	Tuberculosis Education and Prevention
93.531	Public Prevention Health Fund – Community Transformation Grant
93.531	Chronic Disease and Injury Prevention

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

**AMERICAN LUNG ASSOCIATION IN CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

SECTION II - FINANCIAL STATEMENTS FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**AMERICAN LUNG ASSOCIATION IN CALIFORNIA
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2013**

No matters were reported.