
**AMERICAN LUNG ASSOCIATION IN CALIFORNIA
(formerly American Lung Association of California)**

**AUDITED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

**Patel &
Associates**
Certified Public Accountant

AMERICAN LUNG ASSOCIATION IN CALIFORNIA

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INDEPENDENT AUDITOR'S REPORT

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


We have audited the accompanying statement of financial position of American Lung Association in California (a Non-Profit Organization) as of June 30, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of American Lung Association in California's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from American Lung Association in California's 2010 financial statements and, in our report dated October 28, 2010 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Lung Association in California as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2011 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of American Lung Association in California taken as a whole. The supplementary information on page 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Also, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit 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.


Oakland, California
October 31, 2011

AMERICAN LUNG ASSOCIATION IN CALIFORNIA
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011
(Summarized Totals for 2010)

ASSETS	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				<u>2011</u>	<u>2010</u>
Current assets:					
Cash (Note 1)	\$ 1,212,794	\$ 390,385	\$	\$ 1,603,179	\$ 335,297
Accounts receivable - other (Note 2)	1,912,820			1,912,820	1,833,522
Prepaid expenses and deposits	<u>18,609</u>			<u>18,609</u>	<u>93,329</u>
Total current assets	<u>3,144,223</u>	<u>390,385</u>		<u>3,534,608</u>	<u>2,262,148</u>
Noncurrent assets:					
Certificate of deposit			1,015	1,015	1,015
Long-term investments (Note 3)	7,637,193		25,852	7,663,045	7,010,106
Beneficial interest in perpetual trust (Note 5)			14,014,606	14,014,606	12,071,675
Security deposits	29,250			29,250	28,529
Charitable gift annuities (Note 13)	675,280			675,280	
Property and equipment, net (Note 6)	<u>1,269,464</u>			<u>1,269,464</u>	<u>2,672,725</u>
Total noncurrent assets	<u>9,611,187</u>		<u>14,041,473</u>	<u>23,652,660</u>	<u>21,784,050</u>
Total assets	<u>\$ 12,755,410</u>	<u>\$ 390,385</u>	<u>\$ 14,041,473</u>	<u>\$ 27,187,268</u>	<u>\$ 24,046,198</u>
 LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable - ALA	\$ 158,302	\$	\$	\$ 158,302	\$ 159,387
Accounts payable - other	618,557			618,557	698,782
Accrued 403(b) plan liability	50,000			50,000	
Accrued leave	211,502			211,502	228,685
Deferred revenue	204,799			204,799	438,023
Borrowings (Note 7)	650,000			650,000	1,650,000
Charitable gift annuities (Note 13)	<u>657,738</u>			<u>657,738</u>	
Total current liabilities	<u>2,550,898</u>			<u>2,550,898</u>	<u>3,174,877</u>
Accrued pension (Note 10)	<u>602,700</u>			<u>602,700</u>	<u>728,898</u>
Total liabilities	<u>3,153,598</u>			<u>3,153,598</u>	<u>3,903,775</u>
Net assets	<u>9,601,812</u>	<u>390,385</u>	<u>14,041,473</u>	<u>24,033,670</u>	<u>20,142,423</u>
Total liabilities and net assets	<u>\$ 12,755,410</u>	<u>\$ 390,385</u>	<u>\$ 14,041,473</u>	<u>\$ 27,187,268</u>	<u>\$ 24,046,198</u>

The accompanying notes are an integral part of these financial statements

AMERICAN LUNG ASSOCIATION IN CALIFORNIA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011
(Summarized Totals for 2010)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2011	2010
PUBLIC SUPPORT AND REVENUES					
Contributions and donations:					
Direct mail:					
Other direct mail	\$ 3,240,035	\$ _____	\$ _____	\$ 3,240,035	\$ 3,576,841
Special events, net of \$232,754 direct expenses (Note 9)	1,124,048			1,124,048	1,148,096
Other contributions:					
Workplace giving	105,374			105,374	118,804
Memorials	141,442			141,442	133,801
Bequests	2,914,520			2,914,520	2,268,889
Other donations	371,382			371,382	186,605
Individual gifts	261,747			261,747	311,196
Total contributions and donations	<u>8,158,548</u>			<u>8,158,548</u>	<u>7,744,232</u>
Revenues:					
Foundation grants	57,330	649,622		706,952	894,460
Government grants	3,670,864			3,670,864	4,109,339
Corporation grants	336,297			336,297	528,412
Grants from ALA	6,250	32,597		38,847	114,011
Interest and dividends	312,881			312,881	235,321
Additional donation from affiliates/other revenue					1,300
Program service fees and sales	135,655			135,655	372,908
Shareable income	31,849			31,849	304,418
Other revenue	573,667			573,667	745,060
Total revenues	<u>5,124,793</u>	<u>682,219</u>		<u>5,807,012</u>	<u>7,305,229</u>
Net assets released from restrictions					
Grants from foundations, corporations and other sources	648,633	(648,633)			
	<u>648,633</u>	<u>(648,633)</u>			
Total public support and revenues	<u>13,931,974</u>	<u>33,586</u>		<u>13,965,560</u>	<u>15,049,461</u>
EXPENSES					
Program services:					
Asthma	2,055,540			2,055,540	3,841,128
Environmental health	963,441			963,441	621,367
Tobacco control	6,037,085			6,037,085	6,434,954
Community health services	-			-	14,895
Other lung diseases	392,941			392,941	970,210
Research	494,079			494,079	734,590
Total program services	<u>9,943,086</u>			<u>9,943,086</u>	<u>12,617,144</u>
Supporting services:					
Management and general	1,043,428			1,043,428	1,694,211
Fundraising	1,494,394			1,494,394	478,971
Total supporting services	<u>2,537,822</u>			<u>2,537,822</u>	<u>2,173,182</u>
Payments to national office					
Total expenses	<u>758,061</u>			<u>758,061</u>	<u>712,091</u>
Total expenses	<u>13,238,969</u>			<u>13,238,969</u>	<u>15,502,417</u>
Change in net assets from operations	693,005	33,586		726,591	(452,956)
NON-OPERATING ACTIVITIES					
Investments:					
Change in value of Swall Foundation (Note 5)			1,942,931	1,942,931	
Change in value of gift annuities	17,542			17,542	
Gain on asset disposal (Note 6)	406,796			406,796	
Realized loss on investments	(34,846)			(34,846)	(102,641)
Unrealized gain (loss) on investments	954,859		3,572	958,431	723,207
Minimum pension liability	(126,198)			(126,198)	1,197,146
Change in net assets	1,911,158	33,586	1,946,503	3,891,247	1,364,756
Net assets, beginning	<u>7,690,654</u>	<u>356,799</u>	<u>12,094,970</u>	<u>20,142,423</u>	<u>18,777,667</u>
Net assets, ending	<u>\$ 9,601,812</u>	<u>\$ 390,385</u>	<u>\$ 14,041,473</u>	<u>\$ 24,033,670</u>	<u>\$ 20,142,423</u>

The accompanying notes are an integral part of these financial statements

AMERICAN LUNG ASSOCIATION IN CALIFORNIA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2011
(Summarized Totals for 2010)

	Program Services						Supporting Services			Total	
	Asthma	Environmental Health	Tobacco Control	Other Lung Diseases	Research	Total	Management and General	Fund Raising	Total	2011	2010
Personnel	\$ 1,023,739	\$ 512,112	\$ 3,091,402	\$ 189,244	\$ 122,882	\$ 4,939,379	\$ 568,456	\$ 89,906	\$ 658,362	\$ 5,597,741	\$ 7,152,145
Program	108,818	40,478	222,677	14,060	296,354	682,387	23,100	303,075	326,175	1,008,562	478,507
Professional fees	190,935	145,027	636,553	56,122	18,476	1,047,113	145,387	97,488	242,875	1,289,988	1,857,314
Interest	-	-	-	-	-	-	33,053	-	33,053	33,053	38,479
Supplies	53,429	8,733	72,535	6,354	2,137	143,188	6,718	1,589	8,307	151,495	221,395
Telephone	17,093	6,580	51,492	6,810	2,885	84,860	6,279	5,225	11,504	96,364	132,629
Postage and shipping	111,177	52,436	324,756	21,040	2,351	511,760	3,139	424,972	428,111	939,871	1,233,978
Occupancy	87,980	41,753	307,806	28,593	24,031	490,163	73,801	17,873	91,674	581,837	599,058
Maintenance and repairs	12,058	5,652	39,286	2,555	3,328	62,879	14,481	2,475	16,956	79,835	60,716
Equipment rental	12,679	3,927	33,637	3,176	2,313	55,732	10,457	1,720	12,177	67,909	91,429
Conferences, conventions and meetings	73,082	29,526	313,334	12,426	8,752	437,120	284	6,509	6,793	443,913	442,939
Printing and publications	151,239	67,355	424,954	28,212	2,192	673,952	66	537,330	537,396	1,211,348	1,333,575
Dues and subscriptions	2,508	1,175	12,395	479	692	17,249	160	516	676	17,925	24,575
Depreciation	22,482	10,537	66,030	4,298	6,206	109,553	43,023	4,615	47,638	157,191	163,988
Miscellaneous	188,321	38,150	440,228	19,572	1,480	687,751	115,024	1,101	116,125	803,876	959,599
	<u>2,055,540</u>	<u>963,441</u>	<u>6,037,085</u>	<u>392,941</u>	<u>494,079</u>	<u>9,943,086</u>	<u>1,043,428</u>	<u>1,494,394</u>	<u>2,537,822</u>	<u>12,480,908</u>	<u>14,790,326</u>
Payments to national office	130,278	61,062	382,624	24,904	68,226	667,094	75,806	15,161	90,967	758,061	712,091
Total expenses	<u>\$ 2,185,818</u>	<u>\$ 1,024,503</u>	<u>\$ 6,419,709</u>	<u>\$ 417,845</u>	<u>\$ 562,305</u>	<u>\$ 10,610,180</u>	<u>\$ 1,119,234</u>	<u>\$ 1,509,555</u>	<u>\$ 2,628,789</u>	<u>\$ 13,238,969</u>	<u>\$ 15,502,417</u>
Percent of total functional expenses	<u>17%</u>	<u>8%</u>	<u>48%</u>	<u>3%</u>	<u>4%</u>	<u>80%</u>	<u>9%</u>	<u>11%</u>	<u>20%</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, 2011

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,891,247	\$ 1,364,756
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and write-offs	157,191	163,988
Gain in asset disposal	(406,796)	
Unrealized/realized loss (gain) on investments	(958,431)	(620,566)
(Increase) decrease in:		
Accounts receivable	(79,298)	643,656
Prepaid expenses	74,720	(28,266)
Value of trusts	(1,942,931)	(490,544)
Gift annuity	(17,542)	
Security deposits	(721)	600
Accounts payable and accrued leave	(98,493)	(783,452)
Deferred revenue	(233,224)	(186,008)
Accrued unemployment		(71,714)
Accrued 403(b) plan	50,000	
Accrued pension	(126,198)	(1,197,146)
	<u>309,524</u>	<u>(1,204,696)</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Purchase of equipment, net of disposals	(20,134)	(152,081)
Proceeds from disposal of fixed asset	1,673,000	
Proceeds from (purchase of) investments	305,492	(195,607)
	<u>1,958,358</u>	<u>(347,688)</u>
Net cash provided by (used in) investing activities		
Cash flows from financing activities:		
Proceeds from (payment for) borrowings	(1,000,000)	1,650,000
	<u>(1,000,000)</u>	<u>1,650,000</u>
Net cash provided by (used in) financing activities		
Net increase in cash	1,267,882	97,616
Cash at beginning of the year	<u>335,297</u>	<u>237,681</u>
Cash at end of the year	\$ <u><u>1,603,179</u></u>	\$ <u><u>335,297</u></u>
Supplemental disclosure:		
Cash paid for interest	\$ <u><u>33,053</u></u>	\$ <u><u>38,479</u></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, 2011 AND 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization:

The American Lung Association in California (ALAC) is a not-for-profit voluntary health agency dedicated to the conquest of lung disease and the promotion of lung health. ALAC 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 ALAC's income are from shared income of affiliates, public donations and government grants.

In May 2010, ALAC changed its name from American Lung Association of California to American Lung Association in California.

A. Basis of Accounting

The financial statements of ALAC have been prepared on the accrual basis of accounting.

B. Financial Statement Presentation

Financial position and activities of ALAC 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 ALAC 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.

Inter-organization receivables, payables, revenues and expenses are eliminated in combining the financial statements.

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

ALAC maintains its cash balances in 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). From December 31, 2010 through December 31, 2012, at all FDIC-insured institutions, deposits held in noninterest-bearing transaction accounts are fully insured regardless of the amount in the account. At June 30,

2011, ALAC had cash balance of \$1,603,179, all of which was noninterest-bearing and fully FDIC insured.

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, ALAC reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. ALAC reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

ALAC 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 ALAC 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 ALAC. A substantial number of volunteers have contributed significant amounts of time to ALAC. 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 of Financial Instruments

ALAC believes that the carrying value of its financial instruments approximates their fair values in accordance with FASB Accounting Standards Codification 820 *Fair Value Measurements and Disclosures* (ASC 820). ASC 820 applies to all financial assets and liabilities that are being measured and reported on a fair value basis and requires such assets and liabilities to be classified and disclosed in one of the following three categories to enable readers of the financial statements to assess the inputs used to develop those measurement:

Level 1 Quoted market prices unadjusted in active markets for identical assets or liabilities.

Level 2 Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 Unobservable inputs that are not corroborated by market data.

The financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining fair value, ALAC uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as considers nonperformance risk in its assessment of fair value.

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 ALAC 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

ALAC 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).

ALAC 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 ALAC in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. ALAC's returns for years ended June 30, 2010, 2009 and 2008 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 ALAC's financial statements for the year ended June 30, 2010, from which summarized information was derived.

N. Reclassification

Certain accounts in the financial statements for the year ended June 30, 2010 have been reclassified to conform to the June 30, 2011 financial statement presentation. This reclassification had no impact on the financial statements.

NOTE 2: ACCOUNTS RECEIVABLE

A summary of accounts receivable is as follows:

	<u>2011</u>	<u>2010</u>
Tuberculosis grants	\$ 391,230	\$ 169,085
Tobacco grants	638,972	796,809
Asthma grant	216,129	163,588
Other receivables	<u>666,489</u>	<u>704,040</u>
Total	<u>\$ 1,912,820</u>	<u>\$ 1,833,522</u>

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:

	<u>2011</u>			<u>2010</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Net Gains</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Net Gains</u>
Investments:						
Money Funds	\$ 893	\$ 893	\$ -	\$ 19,468	\$ 19,468	\$ -
Equity funds	<u>7,143,721</u>	<u>7,636,300</u>	<u>492,879</u>	<u>5,858,186</u>	<u>6,968,358</u>	<u>1,110,172</u>
Total	7,144,314	7,637,193	492,879	5,877,654	6,987,826	1,110,172
Beneficiary interest in						
Swall Foundation	11,328,946	14,014,606	2,685,660	11,040,686	12,071,675	1,030,989
Investment in San						
Diego Foundation	<u>25,852</u>	<u>25,852</u>	<u>-</u>	<u>22,280</u>	<u>22,280</u>	<u>-</u>
Total	<u>\$ 18,499,112</u>	<u>\$ 21,677,651</u>	<u>\$ 3,178,539</u>	<u>\$ 16,940,620</u>	<u>\$ 19,081,781</u>	<u>\$ 2,141,161</u>

ALAC 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

Information related to ALAC’s assets measured at fair value on a recurring basis at June 30, 2011 and 2010 are as follows:

Assets at Fair Value as of June 30, 2011				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Long-term investments:				
Money funds	\$ 587,885	\$ 587,885	\$	\$
Government bonds	591,371	591,371		
Municipal bonds	64,310	64,310		
Corporate bonds	1,856,565	1,856,565		
Funds	5,925,709	5,925,709		
Equities	12,625,960	12,625,960		
Investments in San Diego Foundation	<u>25,852</u>	<u>25,852</u>		
Total assets	<u>\$ 21,677,652</u>	<u>\$ 21,677,652</u>	<u>\$</u>	<u>\$</u>

Assets at Fair Value as of June 30, 2010				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Long-term investments:				
Money funds	\$ 762,568	\$ 762,568	\$	\$
Government bonds	838,323	838,323		
Municipal bonds	202,340	202,340		
Corporate bonds	1,786,494	1,786,494		
Funds	4,260,957	4,260,957		
Equities	11,208,819	11,208,819		
Investments in San Diego Foundation	<u>22,280</u>	<u>22,280</u>		
	<u>\$ 19,081,781</u>	<u>\$ 19,081,781</u>	<u>\$</u>	<u>\$</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, 2011 and 2010.

NOTE 5: BENEFICIAL INTEREST IN THE SWALL FOUNDATION

After the last residual beneficiary individual of the Earle Swall Trust (the Trust) died in 2007, ALAC 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 ALAC's beneficial interest in the Swall Foundation at June 30, 2011:

July 1, 2010	\$	12,071,675
Net increase in beneficial interests		<u>1,942,931</u>
June 30, 2011	\$	<u><u>14,014,606</u></u>

NOTE 6: PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

	<u>2011</u>	<u>2010</u>
Land	\$ 613,207	\$ 1,599,135
Building and improvements	954,970	985,509
Leasehold improvements	335,124	820,006
Office furniture and equipment	1,086,689	1,312,402
Vehicles	<u>-</u>	<u>183,826</u>
Total	2,989,990	4,900,878
Less: Accumulated depreciation	<u>(1,720,526)</u>	<u>(2,228,153)</u>
Total	<u>\$ 1,269,464</u>	<u>\$ 2,672,725</u>

During the year ended June 30, 2011, ALAC disposed vehicles and two properties. Total gain from the disposed assets was \$406,796.

Depreciation expense amounted to \$157,191 and \$163,988 for the years ended June 30, 2011 and 2010, respectively.

NOTE 7: BORROWINGS

- (a) ALAC has a short-term secured line of credit for a total amount of \$1,250,000, which bears interest at the rate of 4.25% per annum. The entire outstanding amount was paid off in September 2010 and therefore there was a zero balance at June 30, 2011. As of June 30, 2010, ALAC had a similar line of credit of which the entire amount of \$1,250,000 was outstanding. In June 2009 ALAC signed a \$500,000 line of credit with Bank of the West. There was no outstanding balance drawn on this line of credit at June 30, 2011. ALAC did renew the credit line for \$500,000 on September 14, 2011 which matures on July 1, 2012.
- (b) ALAC is obligated on a margin loan dated May 2010 margined against ALAC's investment assets, in the amount of \$400,000, payable to Fidelity Investments. In September 2010, ALAC obtained additional margin loan from Fidelity Investment in the amount of \$250,000. The loan bears interest at the rate of 2.5% per annum, and is open-ended with no maturity date, until the balance is paid off. At June 30, 2011, balance for outstanding loan is \$650,000.

NOTE 8: LEASE COMMITMENTS

Non-Cancellable Operating Leases

ALAC 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>
State office	\$ 1,979	April, 2014
Sacramento	\$ 93,492	December, 2012
Bakersfield	\$ 26,769	August, 2014
Santa Rosa	\$ 27,793	September, 2011
East Bay	\$ 48,081	January, 2012
Los Angeles	\$ 76,172	June, 2012

ALAC also leases equipment as follows:

<u>Location</u>	<u>Monthly Payments</u>	<u>Expiration Date</u>
State office	\$ 1,301	December, 2011
Inland	\$ 507	March, 2015
East Bay	\$ 748	January, 2012
Santa Rosa	\$ 495	March, 2011
Fresno	\$ 576	November, 2011
Los Angeles	\$ 594	December, 2014
Orange	\$ 614	October, 2012
San Diego	\$ 1,801	December, 2011
Modesto	\$ 268	December, 2011
Sacramento	\$ 578	December, 2011

Minimum future annual rental payments under non-cancelable operating leases (for office spaces) having remaining terms in excess of one year as of June 30, 2011, for each of the next four years and in the aggregate are:

<u>Fiscal Years Ending</u> <u>June 30</u>	<u>State Office</u>	<u>Los Angeles</u>	<u>Bakersfield</u>	<u>East Bay</u>	<u>Sacramento</u>	<u>Santa Rosa</u>	<u>Total</u>
2012	\$ 1,979	\$ 69,824	\$ 26,769	\$ 28,047	\$ 93,492	\$ 6,948	\$ 227,059
2013	1,979		26,769		46,746		75,494
2014	660		26,769				27,429
2015			4,462				4,462
	<u>\$ 4,618</u>	<u>\$ 69,824</u>	<u>\$ 84,769</u>	<u>\$ 28,047</u>	<u>\$ 140,238</u>	<u>\$ 6,948</u>	<u>\$ 334,444</u>

NOTE 9: SPECIAL EVENTS - NET OF DIRECT EXPENSES

The following is a summary of special events income:

	<u>2011</u>	<u>2010</u>
Gross revenue	\$ 1,356,802	\$ 1,372,905
Direct expenses	<u>(232,754)</u>	<u>(224,809)</u>
	<u>\$ 1,124,048</u>	<u>\$ 1,148,096</u>

NOTE 10: PENSION PLAN

ALAC 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 consist of different types of investments. 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 ALAC's financial statements at June 30, 2011 and June 30, 2010.

	<u>2011</u>	<u>2010</u>
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 5,476,600	\$ 6,300,111
Interest cost	288,815	305,497
Amendments	-	118,958
Actuarial loss	(177,179)	(60,413)
Benefits paid	(613,471)	(258,378)
Curtailments, settlements, and special termination benefits	<u>-</u>	<u>(929,175)</u>
Benefit obligation at end of year	<u>\$ 4,974,765</u>	<u>\$ 5,476,600</u>
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 4,737,702	\$ 4,374,067
Actual return on plan assets	308,002	590,726
Employer contributions	12,680	124,242
Benefits paid	(613,471)	(258,378)
Expenses paid	<u>(72,848)</u>	<u>(92,955)</u>
Fair value of assets at end of year	<u>\$ 4,372,065</u>	<u>\$ 4,737,702</u>
Funded status at end of year	\$ (602,700)	\$ (728,898)

Amount recognized in the statement of financial position consist of :		
Non-current liabilities	(602,700)	(728,898)
Accumulated benefit obligation at end of year	4,974,765	5,476,600

Information for pension plans with an accumulated benefit obligation in excess of plan assets

Projected benefit obligation	4,974,765	5,476,600
Accumulated benefit obligation	4,974,765	5,476,600
Fair value of plan assets	4,372,065	4,747,702

Components of net periodic benefit cost

Interest cost	288,815	305,497
Expected return on plan assets	(298,687)	(326,222)
Recognized net loss	(113,646)	(1,042,179)
Net periodic benefit cost	<u>\$ (123,518)</u>	<u>\$ (1,062,904)</u>

Weighted average assumptions used to determine benefit obligation as of June 30,

Discount rate	5.75%	5.50%
Rate of compensation increase	3%	3%

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

Discount rate	5.50%	6.25%
Rate of compensation increase	3%	3%
Expected return on plan assets	6.50%	7.50%

Asset allocation

Asset category		
Equity securities	17.11%	10.69%
Debt securities	76.52%	66.74%
Real estate	5.10%	5.35%
Cash and cash equivalents	1.27%	17.22%
	<u>100%</u>	<u>100%</u>

Benefits expected to be paid for fiscal Year beginning July 1

2011	\$ 1,169,239
2012	\$ 282,081
2013	\$ 808,674
2014	\$ 461,102
2015	\$ 102,867
2016-2020	\$ 1,355,517

The following are the major categories of plan assets at fair value as of June 30, 2011 and 2010:

	June 30, 2011		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Money funds	\$ 56,403	\$	\$ 56,403
Common stocks	760,639		760,639
U.S. Treasury bonds	1,231,384		1,231,384
Corporate bonds		2,170,035	2,170,035
Joint venture		153,604	153,604
Total	\$ 2,048,426	2,323,639	\$ 4,372,065

	June 30, 2010		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Cash and cash equivalents	\$ 815,832	\$	\$ 815,832
Equity securities	506,461		506,461
Debt securities		3,161,942	3,161,942
Real estate		253,467	253,467
Total	\$ 1,322,293	3,415,409	\$ 4,737,702

Rate of return on assets assumption:

Effective July 1, 2011, the expected long term rate of return on assets assumption is 6.00%. 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 ALAC emphasizes total return; that is, the aggregate return from capital appreciation, dividend income, and interest income.

Specifically, the primary objective in the investment management for the plan 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 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 ALAC 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, ALAC's management decided to implement a freeze of future Plan benefit accruals effective June 30, 2010 in light of ALAC'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, 2011, benefit obligation decreased by approximately \$500,000 during fiscal year 2011.

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 ALAC.

The following is an allocation of these costs:

	<u>2011</u>	<u>2010</u>
Program services	\$ <u>1,027,006</u>	\$ <u>1,741,394</u>
Support services:		
Management and general	371,539	370,885
Fundraising	<u>946,227</u>	<u>470,287</u>
	<u>1,320,766</u>	<u>841,172</u>
Total	\$ <u><u>2,347,772</u></u>	\$ <u><u>2,582,566</u></u>

NOTE 12: RELATED PARTY TRANSACTIONS

ALAC carries out the mission of American Lung Association (ALA) in the state of California. Some of the board members of ALAC are also on the Board of ALA. ALAC has entered into an agreement with ALA. ALAC pays 13% of the shareable income to finance ALA office and program activities. ALAC paid \$758,061 and \$712,091 in shareable income fees for fiscal years 2011 and 2010, respectively.

California Thoracic Society (CTS) was a division of ALAC until March 2010. At that time, CTS was incorporated as an independent organization. Supplementary information on CTS was presented with ALAC financial statements for fiscal year 2010. Starting fiscal year 2011, such information on CTS is no longer included in ALAC financial statements.

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. ALAC'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 year ended June 30, 2011. Asset and liability associated with charitable gift annuities is \$675,280 and \$657,738, respectively, at June 30, 2011.

NOTE 14: EVALUATION OF SUBSEQUENT EVENTS

The management of ALAC have reviewed the results of operations for the period of time from its year end June 30, 2011 through October 31, 2011, 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, 2011**

Master Contract: Consolidated PHSVC 900665

Contract Number:	900665	900665	900665	
Encumbrance/File Number:	*	*	*	
Contract Period:	07/1/10-6/30/11	07/1/10-6/30/11	07/1/10-6/30/11	
	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>138,000</u>	\$ <u>80,000</u>	\$ <u>260,000</u>
Salaries	28,424	30,479	56,556	115,460
Fringe benefits and payroll taxes	6,393	9,673	13,647	29,713
Consultants/Community grants	-	89,884	5,000	94,884
Communications	539	773	716	2,028
Staff and volunteer travel	127	441	481	1,049
Conferences, conventions, and meetings	60	462	234	756
Printing and publications	126	524	518	1,167
Postage	128	338	85	551
Office supplies	99	200	27	326
Health education materials	84	50	199	333
Promotional Items/Incentives	-	505	50	555
Indirect (admin) cost	<u>4,767</u>	<u>6,178</u>	<u>10,908</u>	<u>21,854</u>
 Total expenses	 <u>40,747</u>	 <u>139,510</u>	 <u>88,420</u>	 <u>268,676</u>
 Amount reimbursed by the County of Alameda	 <u>\$ <u>32,598</u></u>	 <u>\$ <u>101,487</u></u>	 <u>\$ <u>71,881</u></u>	 <u>\$ <u>205,966</u></u>

**AMERICAN LUNG ASSOCIATION IN CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

<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>			
Direct Program			
Community Partnerships to Eliminate Health Disparities	93.137		\$ <u>52,031</u>
Total Direct Program			<u>52,031</u>
Pass-Through Programs From:			
County of Riverside - Health Services Agency			
Tuberculosis Control Programs	93.116	FEDS0910ISIT	215,820
Tuberculosis Control Programs	93.116	FEDS1011ISIT	268,955
Tuberculosis Prevention and Control - refugee health	93.576	08-33-90840-00	85,360
Tuberculosis and HIV testing	93.067	FEDS29TASK	<u>103,807</u>
Total Pass-Through			<u>673,942</u>
Total U.S. Department of Health and Human Services			<u>725,973</u>
<u>U.S. Environmental Protection Agency</u>			
Asthma Grant	66.034		<u>16,539</u>
Total U.S. Environmental Protection Agency			<u>16,539</u>
Total Expenditures of Federal Awards			\$ <u><u>742,512</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 the financial statements of American Lung Association in California (a Non-Profit Organization) as of and for the year ended June 30, 2011, and have issued our report thereon dated October 31, 2011. We conducted our audit in accordance with 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 Controller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered American Lung Association in California's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of American Lung Association in California's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and other Matters

As part of obtaining reasonable assurance about whether American Lung Association in California's financial statements are free of 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*.

This report is intended solely for the information and use of management, audit committee, the board of directors, others within the organization, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Patrin & Associates

Oakland, California

October 31, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

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 its major federal programs for the year ended June 30, 2011. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of American Lung Association in California's management. Our responsibility is to express an opinion on American Lung Association in California's compliance based on our audit.

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. Our audit does not provide a legal determination of American Lung Association in California's compliance with those requirements.

In our opinion, American Lung Association in California complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

Management of American Lung Association in California is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered American Lung Association in California's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of management, audit committee, the board of directors, others within the organization, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Palmi & Associates
Oakland, California
October 31, 2011

**AMERICAN LUNG ASSOCIATION IN CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

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 programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major programs:	<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 programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.116	Tuberculosis Control Programs
93.067	Tuberculosis and HIV testing

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**AMERICAN LUNG ASSOCIATION IN CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

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, 2011**

No matters were reported.