



**CANCER SUPPORT  
COMMUNITY -  
SAN FRANCISCO  
BAY AREA**

**Financial Statements**

*For the Year Ended December 31, 2016  
And the 15 Months Ended December 31, 2015*

**With Independent Auditors' Report Thereon**

# CANCER SUPPORT COMMUNITY - SAN FRANCISCO BAY AREA

(A California Not-For-Profit Corporation)  
December 31, 2016 and December 31, 2015

## **Mission**

The mission of Cancer Support Community is to help people facing cancer to become healthier, live longer and live better.

We provide counseling, support groups, nutrition, exercise and patient education programs for people with cancer and their caregivers and families.

Our services enable cancer patients to partner with their treatment team to manage their treatment and recovery most effectively, increase their chances for survival, reduce their chances of recurrence, and provide for the highest possible quality of life.

We serve everyone dealing with cancer who comes to us for help – including patients, survivors, family members and other loved ones or caregivers. All of our services are always provided free of charge in order to be readily accessible to people facing cancer in their time of need.

Cancer Support Community of the San Francisco Bay Area is the only organization of its kind in Northern California. We are an affiliate of the international Cancer Support Community organization, but we are an independent nonprofit corporation, so all of the funds we raise are used to underwrite programs and services in our local communities. Our annual budget is now over \$1 million.

Our center opened in Walnut Creek in 1990, and now serves about 2,000 people each year. We also provide services in local medical centers and other community locations (in English and Spanish), including Antioch, Castro Valley, Martinez, San Pablo, San Ramon and Vallejo.

All of our programs and services are evidence-based to positively impact cancer treatment outcomes and/or immune system functioning, and they are all delivered by professionals who are licensed or certified in their area of expertise. They include the following:

- Orientation sessions several times weekly to introduce people diagnosed with cancer and their caregivers to the community and available resources
- Weekly support groups for people with any type of cancer
- Specialized support groups for people with similar experiences, including those with breast cancer, colorectal cancer, prostate cancer, brain cancer, gynecologic/ovarian cancer, lung cancer, carcinoid/neuroendocrine and other cancers, and for life after cancer
- Support groups for caregivers, family members or significant others
- Individual and family counseling for those in crisis, and decisional counseling for those with complex or difficult treatment decisions
- Counseling and other programs for children whose parents have cancer
- Specialized exercise and mind-body programs, such as yoga and guided imagery
- Workshops on topics such as nutrition, treatment advances, and complementary therapies
- Symposia developed by national experts on critical topics for people with cancer and educational series for intensive training on managing treatment and recovery
- Spanish-language cancer support groups and educational programs and activities

## **Organization**

Cancer Support Community San Francisco Bay Area is the only organization of its kind in Northern California. We are an affiliate of the international Cancer Support Community organization, but we are an independent nonprofit corporation, so all of the funds we raise are used to underwrite programs and services in our local community. Because we keep our overhead and administrative expenses very low, our annual budget is under \$1.5 million.

# CANCER SUPPORT COMMUNITY - SAN FRANCISCO BAY AREA

(A California Not-For-Profit Corporation)  
December 31, 2016

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### Board of Directors as of December 31, 2016

<u>Name</u>	<u>Position</u>	<u>Name</u>	<u>Position</u>
Bill Berkowitz	President	Brenda Carlson	Director
Sean Maduck	Vice President	Todd Skriner	Director
Loella Haskew	Treasurer	Patrick Devinger	Director
James Hanna	Secretary	Donald Duggan	Director
Ron Boyer	Audit Chair	Glenn Graham	Director
James Lewis	Development Chair	Jewl Johl, MD	Director
Barry Mendelson	Investment Chair	Lesley Martin, MD	Director
Eric Rudney	Capital Campaign Chair	Rod Mickels	Director
John Thuma	Engagement Chair	Kristin Campbell Reed	Director
Ramandeep Bambrah	Director	Frank Starn	Director
Kim Callas	Director	Piyush Srivastava, MD	Director

James Bouquin Executive Director

### CANCER SUPPORT COMMUNITY - SAN FRANCISCO BAY AREA

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925.933.0107

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CERTIFIED PUBLIC ACCOUNTANTS



Regalia & Associates

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Cancer Support Community - San Francisco Bay Area

We have audited the accompanying financial statements of Cancer Support Community (a California nonprofit organization) which comprise the statements of financial position as of December 31, 2016 and 2015 and the related statements of activities and changes in net assets, cash flows and functional expenses for the year ended December 31, 2016 and the 15 months ended December 31, 2015 and the related notes to the 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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 audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cancer Support Community as of December 31, 2016, and 2015, and the results of its operations and its cash flows for the year ended December 31, 2016 and the 15 months ended December 31, 2015 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

We have previously audited Cancer Support Community's December 31, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 24, 2016. In our opinion, the summarized comparative information presented herein as of and for the 15 months ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Danville, California
May 26, 2017

Regalia & Associates

**CANCER SUPPORT COMMUNITY - SAN FRANCISCO BAY AREA**

**Statement of Financial Position**

**December 31, 2016**

*(with Summarized Financial Information for the 15 Months Ended December 31, 2015)*

	<b>Unrestricted Net Assets</b>	<b>Temporarily Restricted Net Assets</b>	<b>2016 Total</b>	<b>2015 Total</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 245,339	\$ -	\$ 245,339	\$ 243,333
Investments	5,332,950	-	5,332,950	5,220,132
Grants, sponsorships and donations receivable	107,930	-	107,930	61,699
Prepaid expenses and other assets	28,574	-	28,574	11,661
Lafayette development	106,186	-	106,186	-
Total current assets	5,820,979	-	5,820,979	5,536,825
Noncurrent assets:				
Property and equipment, net	975,757	-	975,757	1,040,818
Total noncurrent assets	975,757	-	975,757	1,040,818
	\$ 6,796,736	\$ -	\$ 6,796,736	\$ 6,577,643
<b>LIABILITIES AND NET ASSETS</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 44,603	\$ -	\$ 44,603	\$ 52,209
Accrued payroll liabilities	30,024	-	30,024	38,075
Other current liabilities	17,800	-	17,800	-
Total liabilities	92,427	-	92,427	90,284
Net assets:				
Unrestricted	6,704,309	-	6,704,309	6,459,090
Temporarily restricted	-	-	-	28,269
Total net assets	6,704,309	-	6,704,309	6,487,359
	\$ 6,796,736	\$ -	\$ 6,796,736	\$ 6,577,643

**CANCER SUPPORT COMMUNITY - SAN FRANCISCO BAY AREA**

**Statements of Activities and Changes in Net Assets  
For the Year Ended December 31, 2016 and 15 Months Ended December 31, 2015**

	Year Ended December 31, 2016			15 Months Ended December 31, 2015		
	Unrestricted Net Assets	Temporarily Restricted	2016 Total	Unrestricted Net Assets	Temporarily Restricted	2015 Total
		Net Assets			Net Assets	
<i>Changes in net assets:</i>						
Revenue and support:						
Contributions:						
Individuals	\$ 425,750	\$ -	\$ 425,750	\$ 583,096	\$ -	\$ 583,096
Foundations and other grants	43,365	31,152	74,517	151,005	55,193	206,198
Corporations	70,353	-	70,353	116,858	-	116,858
In-kind	2,800	-	2,800	6,239	-	6,239
Fundraising and special events	707,559	-	707,559	838,658	-	838,658
Consignment shop	-	-	-	43,550	-	43,550
Interest and investment income	148,587	-	148,587	32,742	-	32,742
Unrealized investment gains	215,633	-	215,633	(157,719)	-	(157,719)
Other income	4,920	-	4,920	5,605	-	5,605
Subtotal	1,618,967	31,152	1,650,119	1,620,034	55,193	1,675,227
Net assets released from restrictions:						
Satisfaction of program/timing restrictions	59,421	(59,421)	-	58,174	(58,174)	-
Total revenue and support	1,678,388	(28,269)	1,650,119	1,678,208	(2,981)	1,675,227
Expenses:						
Programs and activities	1,001,493	-	1,001,493	1,544,205	-	1,544,205
Lafayette prop capital campaign	61,946	-	61,946	-	-	-
Management and general	168,204	-	168,204	186,973	-	186,973
Fundraising and development	201,526	-	201,526	227,187	-	227,187
Total expenses	1,433,169	-	1,433,169	1,958,365	-	1,958,365
Increase (decrease) in net assets-operations	245,219	(28,269)	216,950	(280,157)	(2,981)	(283,138)
Nonrecurring bequest	-	-	-	5,096,389	-	5,096,389
Net assets at beginning of year	6,459,090	28,269	6,487,359	1,642,858	31,250	1,674,108
Net assets at end of year	\$ 6,704,309	\$ -	\$ 6,704,309	\$ 6,459,090	\$ 28,269	\$ 6,487,359

**CANCER SUPPORT COMMUNITY - SAN FRANCISCO BAY AREA**

**Statements of Cash Flows**  
**For the Year Ended December 31, 2016 and 15 Months Ended December 31, 2015**

	2016	2015
<i>Operating activities:</i>		
Increase in net assets	\$ 216,950	\$ 4,813,251
Adjustments to reconcile to cash provided by operating activities:		
Depreciation	91,376	79,489
<i>Changes in:</i>		
Grants receivable	(46,231)	33,213
Prepaid expenses and other assets	(16,913)	22,520
Lafayette development	(106,186)	-
Accounts payable and accrued liabilities	(7,606)	(3,756)
Accrued payroll liabilities	(8,051)	6,321
Other current liabilities	17,800	-
Cash provided by operating activities	141,139	4,951,038
<i>Investing activities:</i>		
Acquisition of investments	(112,818)	(5,220,132)
Acquisition of property and equipment	(26,315)	(220,049)
Cash used for investing activities	(139,133)	(5,440,181)
Increase (decrease) in cash and cash equivalents	2,006	(489,143)
Cash and cash equivalents at beginning of year	243,333	732,476
Cash and cash equivalents at end of year	\$ 245,339	\$ 243,333
<i>Additional cash flow information:</i>		
State registration taxes paid	\$ 150	\$ 150
Interest paid	\$ -	\$ -

**CANCER SUPPORT COMMUNITY - SAN FRANCISCO BAY AREA**

**Statement of Functional Expenses  
For the Year Ended December 31, 2016**

*(with Summarized Financial Information for the 15 Months Ended December 31, 2015)*

	Programs and Activities	Lafayette Property Dev- elopment	Manage- ment and General	Fund- raising and Dev- elopment	Totals Year Ended Dec 31 2016	Totals 15 Months Ended Dec 31 2015
Bank fees, service charges and merchant fees	\$ -	\$ -	\$ 8,967	\$ -	\$ 8,967	\$ 11,590
Property development	-	5,664	-	-	5,664	170,731
Consignment shop	-	-	-	-	-	22,463
Depreciation	75,997	-	10,621	4,758	91,376	79,489
In-kind goods and services	2,800	-	-	-	2,800	2,669
Insurance	18,410	-	2,573	1,153	22,136	28,632
National affiliation	10,757	-	-	-	10,757	14,149
National conference	2,786	-	-	-	2,786	9,602
Occupancy	37,365	-	5,222	2,339	44,926	59,955
Other	-	-	4,582	-	4,582	5,428
Outreach and marketing	17,564	-	-	-	17,564	23,341
Outside and professional services	35,321	-	16,499	2,211	54,031	62,960
Postage, delivery and marketing	8,175	-	1,142	512	9,829	29,708
Salaries, benefits and professional staff	680,409	56,282	102,958	46,125	885,774	1,115,577
Special events	-	-	-	137,422	137,422	148,474
Supplies, printing and office	92,977	-	12,994	5,821	111,792	134,510
Telephone, internet and web page	6,204	-	867	388	7,459	14,089
Travel and staff development	12,728	-	1,779	797	15,304	24,998
<b>Totals</b>	<b>\$ 1,001,493</b>	<b>\$ 61,946</b>	<b>\$ 168,204</b>	<b>\$ 201,526</b>	<b>\$1,433,169</b>	<b>\$ 1,958,365</b>



**Notes to Financial Statements**  
**December 31, 2016**

**1. Organization**

The mission of Cancer Support Community is to ensure that all people impacted by cancer are empowered by knowledge, strengthened by action and sustained by community. Our services enable cancer patients to manage their treatment and recovery effectively, increase their chances for survival, reduce their chances of recurrence, and provide for the highest possible quality of life. Over 2,000 people affected by cancer in the East Bay and Silicon Valley are served by Cancer Support Community San Francisco Bay Area each year.

Cancer Support Community is an international federation of cancer support organizations, including over 50 Wellness Communities, Gilda's Clubs and Cancer Support Communities throughout the United States. Cancer Support Community San Francisco Bay Area is the only organization of its kind in Northern California. We are an affiliate of the international Cancer Support Community organization, but we are an independent nonprofit corporation, so all of the funds we raise are used to support people affected by cancer in our local community.

Our East Bay facility opened in Walnut Creek in 1990, and now serves over 2,000 people affected by cancer each year. We also provide services in local medical centers and other community locations (in English and Spanish), including Antioch, Martinez, Pittsburg, San Pablo, San Ramon and Vallejo. All of our services are always provided free of charge in order to be readily accessible to people affected by cancer in their time of need.

**2. Summary of Significant Accounting Policies**

*Basis of Accounting*

The financial statements of Cancer Support Community have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflect all significant receivables, payables and other liabilities.

*Basis of Presentation*

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958.205, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958.205, Cancer Support Community is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

*Revenue Recognition*

Cancer Support Community records contributions in accordance with the recommendations of ASC 958.605, *Revenue Recognition of Not-for-Profit Entities*.

*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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

Notes to Financial Statements

**2. Summary of Significant Accounting Policies** *(continued)*

*Cash and Cash Equivalents*

Cancer Support Community considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cancer Support Community maintains its cash balances in high quality financial institutions, which at times may exceed federally insured limits. Cancer Support Community has not experienced any losses in such accounts.

*Fair Value of Financial Instruments*

Unless otherwise indicated, the fair values of all reported assets and liabilities represent the approximate carrying values of financial instruments, none of which are held for trading purposes.

*Property, Equipment, and Improvements*

Property and equipment are valued at cost or, if donated, at estimated fair market value on the date of donation. Depreciation is provided by use of the straight-line method over the estimated useful lives of the assets.

*Reclassifications*

Certain reclassifications have been made to the 2015 financial statements in order to conform to the presentation used in 2016.

*Net Assets*

In accordance with accounting principles generally accepted in the United States of America, financial statements must present classes of net assets based on the following categories: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Grants and contributions are classified in the appropriate net asset category based on the absence or existence of donor-imposed restrictions that limit the use of the donated assets if they are designated as support for future periods or future projects when they are received.

Cancer Support Community reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor's intended purpose is met or a time restriction expires, the temporarily restricted net asset is transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions where restrictions are met in the same reporting period in which they are contributed are reported as unrestricted support.

Permanently restricted net assets include those net assets that must be maintained in perpetuity in accordance with donor restrictions. The investment return from such assets may be used for purposes as specified by the donor or, if the donor has not specified a purpose, the income from such investments is not restricted and is included in unrestricted net assets. Cancer Support Community had no permanently restricted net assets as of December 31, 2016 and 2015.

Unrestricted net assets include all of those donated assets that have no restrictions or limitations imposed on their use. The Board of Directors may elect certain unrestricted funds to be set aside as Board designated funds, which may not be spent without approval by the Board. No such funds were set-aside as of December 31, 2016 and 2015.

Notes to Financial Statements

**2. Summary of Significant Accounting Policies** *(continued)*

*Revenue and Support Recognition*

Cancer Support Community receives revenue from a variety of sources, including fundraising, special events, consignment shop sales, and investment income. Support from contributions is described below.

*Contributions*

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in unrestricted net assets. Restricted contributions are recognized and transferred to unrestricted net assets when the donor's restrictions have been satisfied.

*Contributed Services and Costs*

Contributed services and costs are reflected at the fair value of the contribution received. The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Cancer Support Community recognized \$2,800 and \$6,239 in both services and goods provided by donors during the year ended December 31, 2016 and the 15 months ended December 31, 2015, respectively. A substantial number of unpaid volunteers (over 200 individuals during the year ended December 31, 2016) have made significant contributions of time to various departments or programs of Cancer Support Community. The value of this contributed time is not reflected in the financial statements because it is not susceptible to objective measurement or valuation and therefore did not meet the criteria for recognition under ASC 958.605.30-11 "*Revenue Recognition of Not-For-Profit Entities.*"

*Income Taxes*

Financial statement presentation follows the recommendations of ASC 740, *Income Taxes*. Under ASC 740, Cancer Support Community is required to report information regarding its exposure to various tax positions taken by Cancer Support Community and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold. Management believes that Cancer Support Community has adequately evaluated its current tax positions and has concluded that as of December 31, 2016 and 2015, Cancer Support Community does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

Cancer Support Community has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that Cancer Support Community continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status. Cancer Support Community may periodically receive unrelated business income (such as sublease rental income) requiring Cancer Support Community to file separate tax returns under federal and state statutes. Under such conditions, Cancer Support Community calculates and accrues the applicable taxes.

# CANCER SUPPORT COMMUNITY - SAN FRANCISCO BAY AREA

## Notes to Financial Statements

### 3. Cash and Cash Equivalents

Cash and cash equivalents include all funds in banks (checking, savings, and money market) at the time of acquisition that have a maturity date of 90 days or less. The components of cash and cash equivalents are as follows at December 31, 2016 and 2015:

	<b>2016</b>	<b>2015</b>
Checking (noninterest-bearing)	\$ 245,339	\$ 74,926
Savings and other depository accounts	-	168,407
<b>Total cash and cash equivalents</b>	<b>\$ 245,339</b>	<b>\$ 243,333</b>

### 4. Investments

Investments consist of funds held in an account at East Bay Community Fund ("EBCF") and at multiple accounts at Charles Schwab. Composition of investments is as follows at December 31, 2016 and 2015:

	<b>2016 Fair Value</b>	<b>2015 Fair Value</b>
Money market funds (bearing interest at 0.01% per annum)	\$ 428,378	\$ 300,611
Mutual funds	1,503,754	3,216,358
Equities	3,146,657	1,703,163
Investment pool (EBCF)	254,161	-
<b>Total cash and cash equivalents</b>	<b>\$ 5,332,950</b>	<b>\$ 5,220,132</b>

Composition of investments utilizing fair value measurements at December 31, 2016 is as follows:

	<b>Totals</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Money market funds	\$ 428,378	\$ 428,378	\$ -	\$ -
Mutual funds	1,503,754	1,503,754	-	-
Equities	3,146,657	3,146,657	-	-
Investment pool	254,161	254,161	-	-
<b>Totals</b>	<b>\$ 5,332,950</b>	<b>\$ 5,332,950</b>	<b>\$ -</b>	<b>\$ -</b>

Fair value measurements establish a fair value hierarchy that prioritizes the input used to measure fair value. This hierarchy consists of three broad levels: (a) Level 1 measurement reflects the value of the tangible assets at quoted prices in active markets for identical assets, generally without any adjustments, (b) Level 2 assets and liabilities are valued based on "observable inputs" other than quoted active market prices, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and interest rates and yield curves, and (c) Level 3 assets and liabilities are valued based on "unobservable inputs," such as a company's own estimates and pricing models.

*(continued)*

Notes to Financial Statements

4. Investments *(continued)*

Cancer Support Community has an Investment Committee which has the responsibility for establishing Cancer Support Community's return objectives (generally lower rates of return associated with more stable and safer investments) and to define the risk parameters. The committee routinely oversees investment performances and reviews cash flows necessary to sustain Cancer Support Community's operating activities.

Funds with Deficiencies

From time to time, the fair value of assets associated with endowment funds may fall below the level that the donor or UPMIFA requires Cancer Support Community to retain as a fund of perpetual duration. In accordance with ASC 958.205.55.31, there are no deficiencies of this nature that are required to be reported at December 31, 2016 and 2015. Future deficiencies could result from unfavorable market fluctuations occurring after the investment of new restricted contributions and continued appropriation for certain programs which are deemed prudent by the Board of Directors. Cancer Support Community's investments may decline below their original basis due to market fluctuations and unrealized losses which are beyond the control of Cancer Support Community's management.

Return Objectives and Risk Parameters

Cancer Support Community has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets consist entirely of board-designated funds. Under this policy, as approved by the Investment Committee and the Board of Directors, the endowment assets are invested in a manner that is intended to (1) produce results that approximate the price and yield results of the general market conditions (2) subject Cancer Support Community to a moderate level of investment risk and (c) maintain sufficient liquidity to meet planned expenditures.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, Cancer Support Community relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Cancer Support Community targets a diversified asset allocation that places a greater emphasis on equity-based investments (mutual funds) to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Spending Policy for Investments is set by the Board. The amount of the annual draw will be recommended by the Investment Committee for approval of the Board as part of the annual budgeting process for the forthcoming year. Under the provisions of UPMIFA, annual endowment spending may exceed 100% of the endowment income accumulated since the last distribution plus any income not distributed in the preceding years. Any endowment draw in excess of the above or to change the Spending Policy will require an Investment Committee recommendation and an affirmative vote of 75% of the entire Board of Directors then serving.

**Notes to Financial Statements**

**5. Property and Equipment**

A summary of property and equipment is as follows at December 31, 2016 and 2015:

	<b>2016</b>	<b>2015</b>
Land	\$ 253,969	\$ 253,969
Building and improvements	1,309,695	1,312,642
Office furniture and equipment	159,277	265,044
Subtotal	1,722,941	1,831,655
Less accumulated depreciation	(747,184)	(790,837)
Total property, equipment and improvements (net)	\$ 975,757	\$ 1,040,818

Depreciation expense for the year ended December 31, 2016 and the 15 months ended December 31, 2015 amounted to \$91,376 and \$79,489, respectively, and is reflected on the statement of functional expenses. During the year ended December 31, 2016, Cancer Support Community disposed of fully depreciation property and equipment in the amount of \$135,029. There were no disposals during the 15 months ended December 31, 2015.

**6. Lafayette Property Development**

On January 21, 2016, Cancer Support Community entered into a Purchase Agreement to obtain approximately 5.75 acres of land in Lafayette, California as the site for a new permanent facility. The Agreement includes multiple extensions through January 2018 in order to allow sufficient time for the organization to work with the City of Lafayette and various other agencies to obtain the appropriate permits regarding the property acquisition. During the year ended December 31, 2016, Cancer Support Community capitalized certain development costs associated with the property, including architecture and design services as well as deposits to escrow. As of December 31, 2016, total capitalized Lafayette development expenses amounted to \$106,186 and are reflected on the statement of financial position. Certain related expenses amounting to \$61,946, including a portion of the salary of the Executive Director, were allocated from ongoing operational overhead during the year ended December 31, 2016 and are reflected in the column titled "Lafayette Property Development" on the statement of functional expenses.

**7. Line of Credit**

Cancer Support Community had a revolving line of credit with Scott Valley Bank with a total available balance of \$200,000. The line of credit was closed on March 9, 2017. There was no outstanding balance on the line of credit at December 31, 2016 and the line was not utilized during the year ended December 31, 2016 or the 15 months ended December 31, 2015.

Notes to Financial Statements

**8. Lease Commitments**

Cancer Support Community leased certain office equipment under a separate operating lease agreement which required a quarterly rental remittance of \$404 through the end of July, 2016. Rent expense for all property and equipment for the year ended December 31, 2016 and the 15 months ended December 31, 2015 amounted to \$1,207 and \$1,540, respectively, and is included in supplies, printing and office on the statement of functional expenses.

**9. Net Assets**

Unrestricted Net Assets

Unrestricted net assets of \$6,704,309 and \$6,459,090 as of December 31, 2016 and 2015, respectively, represent the cumulative net operating surpluses from the inception of the organization.

Temporarily Restricted Net Assets

Cancer Support Community recognizes support from temporarily restricted net assets when the restrictions imposed by the donors have been satisfied or expired. Historically, the organization has received small temporarily restricted donations which get rolled over from year to year. There were no temporarily restricted net assets as of December 31, 2016. As of December 31, 2015, temporarily restricted net assets amounted to \$28,269.

During the year ended December 31, 2016 and the 15 months ended December 31, 2015, additions to temporarily restricted net assets amounted to \$31,152 and \$55,193, respectively. Net assets released from restrictions amounted to \$59,421 and \$58,174 for the year ended December 31, 2016 and the 15 months ended December 31, 2015, respectively.

**10. Retirement Plan**

Cancer Support Community offers employees the opportunity for participation in a salary reduction retirement plan qualified under Internal Revenue Code Section 403(b). Under the terms of the Cancer Support Community Contributory Retirement/Savings Plan, contributions in the form of payroll deductions are invested at the direction of the Plan participant into one or more of the investment vehicles available under the Plan. The Plan is funded through elective salary deferrals by participating employees. Employer matching contributions amounted to \$6,439 and \$7,436 for the year ended December 31, 2016 and the 15 months ended December 31, 2015, respectively.

Notes to Financial Statements

**11. Vehicle Donation Program**

Cancer Support Community is a participant in a vehicle donation program operated by a third-party agency which physically collects and subsequently sells donated vehicles and shares the proceeds with the Cancer Support Community. The net amount received for auto donations amounted to \$4,175 and \$7,212 for the year ended December 31, 2016 and the 15 months ended December 31, 2015.

**12. Compensated Absences (Accrued Payroll Liabilities)**

Financial statement presentation follows the recommendations of ASC 710.25, *Compensated Absences*. Under ASC 710.25, Cancer Support Community is required to record a liability for the estimated amounts of compensation for future absences. Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination of the employee.

Sick leave is not paid upon termination. Annual leave accruals are recorded in the financial statements as an accrued liability on the statements of financial position based on hourly rates in effect at the end of the fiscal year. Accrued payable liabilities amounted to \$30,024 and \$38,075 at December 31, 2016 and 2015, respectively.

**13. Commitments and Contingencies**

In the normal course of business there are various commitments outstanding and contingent liabilities such as commitments to enter into contracts and provide future services not reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) grant restrictions and donor conditions which obligate Cancer Support Community to fulfill certain requirements as set forth in grant instruments, (b) funding levels which vary based on factors beyond Cancer Support Community's control, such as generosity of donors and general economic conditions, (c) employment and service agreements with key management and operating personnel, and (d) financial risks associated with funds on deposit at bank and investment brokerage accounts. Management believes that such commitments, contingencies and risks will not have a material adverse effect on the financial statements. Certain of the grants and contracts (including current and prior costs) are subject to audit and final acceptance by the granting entities.

**14. Subsequent Events**

In compliance with ASC 855, *Subsequent Events*, Cancer Support Community has evaluated subsequent events through May 26, 2017, the date the financial statements were available to be issued and, in the opinion of management, there are no subsequent events which need to be disclosed.