CANCER SUPPORT COMMUNITY
San Francisco Bay Area
Formerly The Wellness Community

Cancer Support Community - San Francisco Bay Area

Financial Statements

For the Years Ended
December 31, 2018 and 2017

With Independent Auditors' Report Thereon

REGALIA & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

CANCER SUPPORT COMMUNITY - SAN FRANCISCO BAY AREA

(A California Not-For-Profit Corporation)
December 31, 2018 and December 31, 2017

Mission
The mission of Cancer Support Community San Francisco Bay Area (CSC) 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.

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
CSC 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 $2.0 million.

Management Discussion & Analysis

The Board of Directors of Cancer Support Community San Francisco Bay Area (CSC) has established three strategic goals for the organization:

1. To serve people facing cancer in our Diablo Valley community who need our help as fully as possible today;
2. To develop a campus that prepares for the future needs of people with cancer in our Diablo Valley community; and
3. To seek additional opportunities to support the most underserved people facing cancer in the larger East Bay community.

Thus, during the year ended December 31, 2018, CSC continued to raise funds to deliver a growing mission delivery at the existing center in Walnut Creek/Pleasant Hill. Also during the year, CSC began a capital campaign to develop a new campus in Lafayette, self-funded development an initiative to provide support for underserved individuals in East Contra Costa County, and increased current operating infrastructure to prepare for these upcoming expansions.

CSC's new campus will be located on a 5.75-acre parcel in Lafayette. It is projected for completion in 2022, and will then replace the existing center in Walnut Creek. The CSC Lafayette initiative resulted in receivables and fixed assets increasing substantially in 2018. Of the $421,114 net grants and pledges receivables shown on the statement of financial position, $100,000 relates to the CSC Lafayette capital campaign with the remainder being current operating balances. This capital campaign has also resulted in a substantial year over year increase in capitalized assets, as shown in the Lafayette property development line on the statement of financial position. Although previously in contract for purchase, the land for the new center was gifted to CSC in 2018, with an appraised value of $1,900,000. It is included in the $2,222,433 along with costs related to construction of the building preparing the land for use. CSC has also recognized significant operating expenses related to the property, including staff wages, architects and other contractors, and general overhead expenses. These expenses amounted to $152,171 and $201,727 for the years ended December 31, 2018 and 2017, respectively, and can be found on the statement of activities as Lafayette property development.

The Board of Directors determined that CSC will increase impact for underserved populations by establishing a satellite center in East Contra Costa County in 2019. The Board also approved spending up to 6% of CSC's investment corpus toward this initiative annually, for at least the next five years. Preparation for the underserved initiative began in 2018, resulting in $5,600 in capital expenditures, which is included as part of the $867,766 in net property, equipment and improvements on the statement of financial position.

(continued)

Management Discussion & Analysis *(continued)*

CSC increased operating infrastructure, primarily fund development and program staffing, during 2018 to prepare for the Lafayette and East County initiatives, and to accommodate continued increase of mission delivery at our current Walnut Creek center. A total of 2,201 people were served during 2018, a 10% increase from 2017.

Thus, the 2018 fiscal year included a planned operating deficit as CSC prepares for these three expansion initiatives. A total of $520,000 was transferred from the investment funds to support the East County initiative and increased operating infrastructure. These transfers can be seen as part of the decrease in investments over 2017 on the statement of financial position. CSC ended the fiscal year with a total of $8,703,842 in net assets, including $5,203,061 in cash and investments.

CANCER SUPPORT COMMUNITY - SAN FRANCISCO BAY AREA

(A California Not-For-Profit Corporation)
December 31, 2018

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CANCER SUPPORT COMMUNITY - SAN FRANCISCO BAY AREA
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REGALIA & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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 statement of financial position as of December 31, 2018 and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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, 2018 and the results of its operations and its cash flows for the year then ended 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, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 20, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Regalia & Associates

Danville, California
May 10, 2019

Statements of Financial Position
December 31, 2018 and 2017

ASSETS

	2018	2017
Current assets:		
Cash and cash equivalents	$ 147,861	$ 223,376
Investments	4,814,042	5,626,552
Grants and pledges receivable, net	421,114	179,773
Prepaid expenses and other assets	15,469	27,910
Total current assets	5,398,486	6,057,611
Noncurrent assets:		
Investments	241,158	190,004
Grants and pledges receivable (long-term)	44,000	-
Lafayette property development	2,220,433	270,718
Property, equipment and improvements (net)	867,766	909,022
Total noncurrent assets	3,373,357	1,369,744
	$ 8,771,843	7,427,355

LIABILITIES AND NET ASSETS

	2018	2017
Liabilities:		
Accounts payable and accrued liabilities	$ 46,227	$ 126,850
Accrued payroll liabilities	21,774	10,406
Total liabilities	68,001	137,256
Net assets:		
Net assets without donor restrictions: undesignated	3,646,842	1,473,543
Net assets without donor restrictions: board designated for investments	5,055,200	5,816,556
Net assets with donor restrictions	1,800	-
Total net assets	8,703,842	7,290,099
	$ 8,771,843	$ 7,427,355

Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2018 and 2017

	2018	2017
Changes in net assets without donor restrictions:		
Revenue and support:		
Contributions:		
Individuals	$ **554,286**	$ 497,551
Foundations	**10,500**	72,927
Corporations	**394,403**	158,211
In-kind property	**1,900,000**	-
In-kind goods and services	**6,991**	8,020
Fundraising and special events	**589,102**	654,638
National Program Grants	**14,752**	7,227
Medical and clinical contracts & grants	**46,250**	47,500
Interest and investment income, net of fees	**209,413**	346,241
Unrealized investment gains (losses)	**(471,317)**	394,433
Other income	**769**	10
Total unrestricted revenue	**3,255,149**	2,186,758
Net assets released from restrictions:		
Satisfaction of program/timing restrictions	**126,194**	90,876
Total revenue and support	**3,381,343**	2,277,634
Expenses:		
Programs and activities	**1,405,718**	1,199,403
Lafayette property development	**152,171**	201,727
Management and general	**234,708**	149,379
Fundraising	**176,803**	141,335
Total expenses	**1,969,400**	1,691,844
Increase in net assets without donor restrictions	**1,411,943**	585,790
Changes in net assets with donor restrictions:		
Grants and contributions	**127,994**	90,876
Net assets released from restrictions	**(126,194)**	(90,876)
Increase in net assets with donor restrictions	**1,800**	-
Increase in net assets	**1,413,743**	585,790
Net assets at beginning of year	**7,290,099**	6,704,309
Net assets at end of year	$ **8,703,842**	$ 7,290,099

Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

	2018	2017
Operating activities:		
Cash receipts from:		
Contributed income	$ 1,299,165	$ 1,431,283
National program grants and medical contracts	101,102	25,804
Interest and investment income, net of fees	209,413	346,241
Other income	769	10
Total cash receipts	1,610,449	1,803,338
Cash disbursements for:		
Salaries, benefits and professional staff	1,231,231	1,015,334
Property development	42,778	123,145
Outreach and marketing	98,626	90,164
Outside and professional services	74,364	23,881
Special events	147,528	161,200
Supplies, printing and office	60,262	35,413
Other operating expenses	235,181	115,810
Total cash disbursements	1,889,970	1,564,947
Cash provided by (used for) operating activities	(279,521)	238,391
Investing activities:		
(Acquisition) disposition of investments, net	290,039	(89,173)
Lafayette property development, net of in-kind contributed property	(49,715)	(164,532)
Acquisition of property and equipment	(36,318)	(6,649)
Cash provided by (used for) investing activities	204,006	(260,354)
Decrease in cash and cash equivalents	(75,515)	(21,963)
Cash and cash equivalents at beginning of year	223,376	245,339
Cash and cash equivalents at end of year	$ 147,861	$ 223,376
Additional cash flow information:		
State registration taxes paid	$ 150	$ 150
Interest paid	$ -	$ -

Statement of Functional Expenses
For the Year Ended December 31, 2018
(with Summarized Financial Information for the Year Ended December 31, 2017)

	Programs and Activities	Lafayette Property Devel- opment	Manage- ment and General	Fund- raising and Dev- elopment	Totals Year Ended Dec 31 2018	Totals Year Ended Dec 31 2017
Bank fees, service charges and merchant fees	$ 9,508	$ -	$ 1,268	$ 1,901	**$ 12,677**	$ 8,930
Property development	-	42,778	-	-	**42,778**	123,145
Bad debt expense	-	-	51,679	-	**51,679**	-
Depreciation	58,180	-	7,757	11,637	**77,574**	73,384
In-kind goods and services	5,243	-	699	1,049	**6,991**	8,020
Insurance	18,560	-	2,475	2,712	**23,747**	22,467
National affiliation and conference	18,912	-	-	-	**18,912**	17,742
Occupancy	31,865	-	4,249	6,373	**42,487**	46,463
Other	260	-	35	52	**347**	-
Outreach and marketing	98,626	-	-	-	**98,626**	90,164
Outside and professional services	-	-	68,844	5,520	**74,364**	23,881
Postage, delivery and marketing	4,856	-	647	971	**6,474**	2,372
Salaries, benefits and professional staff	957,850	109,393	70,141	105,215	**1,242,599**	995,716
Special events	106,896	-	14,253	21,379	**142,528**	166,200
Supplies, printing and office	42,489	-	5,665	8,498	**56,652**	51,899
Telephone, internet and web page	29,085	-	3,878	6,818	**39,781**	38,414
Travel and staff development	23,388	-	3,118	4,678	**31,184**	23,047
Totals	$1,405,718	$ 152,171	$ 234,708	$ 176,803	**$ 1,969,400**	$ 1,691,844

Notes to Financial Statements
December 31, 2018 and 2017

1. Organization

The mission of Cancer Support Community San Francisco Bay Area (CSC) 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 CSC each year.

CSC is an international federation of cancer support organizations, including over 50 Wellness Communities, Gilda's Clubs and Cancer Support Communities throughout the United States. CSC 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 presentation –The financial statements of CSC have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require CSC to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of CSC's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CSC or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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

Measure of operations – The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to CSC's ongoing patient care services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and cash equivalents – CSC's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

Concentrations of credit risk – Financial instruments that potentially subject CSC to concentrations of credit risk consist principally of cash and cash equivalents and investments. CSC maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. CSC's cash and cash equivalent accounts have been placed with high credit quality financial institutions. CSC has not experienced, nor does it anticipate, any losses with respect to such accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of our mission. Investments are made by diversified investment managers whose performance is monitored by us and the Investment Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organizations.

Contributions receivable – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization, if applicable, is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

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

Fair value measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). CSC groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 Unobservable inputs that cannot be corroborated by observable market data.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

Contributions – Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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

In-kind donations – CSC received in-kind donations of $1,906,991 and $8,020 for the years ended December 31, 2018 and 2017, respectively. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and supporting services on the accompanying statements of financial position (for donated property), statements of activities and statements of functional expenses.

Several volunteers have made significant contributions of their time in furtherance of CSC's mission. These services were not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under US GAAP.

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.

Functional expenses – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among patient care services and supporting services benefited. Such allocations are determined by management on an equitable basis. Various common expenses (such as occupancy, compensation, office, etc.) have been allocated generally consistent with employee time allocation models.

Use of estimates – The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income taxes – CSC is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. CSC has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. CSC has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

CSC 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. This exemption is subject to periodic review by the federal and state taxing authorities and management is confident that the organization continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status.

Reclassifications – Certain prior year amounts have been reclassified to conform to the current year presentation.

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

Recent and Relevant Accounting Pronouncements – The following pronouncements became effective for fiscal years beginning subsequent to December 15, 2017:

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. CSC has adjusted the presentation of these statements accordingly.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) *Accounting for Leases*, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by ASU No. 2018-01, ASU No. 2018-10, and ASU No. 2018-11. The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the statements of financial position for all leases with a term longer than 12 months. Leases are required to be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statements of activities and changes in net assets.

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which requires an organization's management to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable). As of May 10, 2019 (the date of the Independent Auditors' Report), CSC management has made this evaluation and has determined that CSC has the ability to continue as a going concern.

Net Assets
Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the ability to designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment. Board-designated net assets amounted to $5,055,200 and $5,816,556 at December 31, 2018 and 2017, respectively.

Notes to Financial Statements

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

Net Assets *(continued)*
Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition
Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. When applicable, revenue earned under a contractual arrangement (an "exchange transaction") is recognized when earned and therefore measured as services are provided. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

3. Cash and Cash Equivalents

Cash and cash equivalents of $147,861 and $223,376 at December 31, 2018 and 2017, respectively, include all funds in local checking accounts that have a maturity date of 90 days or less.

4. Investments

Investments consist of funds held in an account at East Bay Community Fund ("EBCF"), multiple accounts at Charles Schwab, and an interest in a limited partnership (Sequoia Equities). Composition of investments is as follows at December 31, 2018 and 2017:

	2018 Fair Value	2017 Fair Value
Money market funds (bearing interest at 0.01% per annum)	**$ 154,798**	$ 356,646
Mutual funds	**1,482,754**	1,563,552
Equities	**2,869,229**	3,392,892
Investment pool (EBCF)	**258,295**	291,957
Real Estate Investment Trust ("REIT")	**48,966**	21,505
Limited partnership	**241,158**	190,004
Total cash and cash equivalents	**$ 5,055,200**	$ 5,816,556

(continued)

Notes to Financial Statements

4. Investments *(continued)*

Composition of investments utilizing fair value measurements at December 31, 2018 is as follows:

	Totals	Level 1	Level 2	Level 3
Money market funds	$ 154,798	$ 154,798	$ -	$ -
Mutual funds	1,482,754	1,482,754	-	-
Equities	2,869,229	2,869,229	-	-
REIT	48,966	48,966	-	-
Investment pool	258,295	-	258,295	-
Limited partnership	241,158	-	-	241,158
Totals	$ 5,055,200	$ 4,555,747	$ 258,295	$ 241,158

Composition of investments utilizing fair value measurements at December 31, 2017 is as follows:

	Totals	Level 1	Level 2	Level 3
Money market funds	$ 356,646	$ 356,646	$ -	$ -
Mutual funds	1,563,552	1,563,552	-	-
Equities	3,392,892	3,392,892	-	-
REIT	21,505	21,505	-	-
Investment pool	291,957	-	291,957	-
Limited partnership	190,004	-	-	190,004
Totals	$ 5,816,556	$ 5,334,595	$ 291,957	$ 190,004

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.

CSC has an Investment Committee which has the responsibility for establishing CSC’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 CSC’s operating activities.

4. Investments *(continued)*

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 CSC 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, 2018 and 2017. 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. CSC's investments may decline below their original basis due to market fluctuations and unrealized losses which are beyond the control of CSC's management.

Return Objectives and Risk Parameters

CSC 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 CSC 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, CSC 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). CSC 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. In accordance with a policy adopted by the Board of Directors, the maximum draw from the investment fund cannot exceed 6.0% of the corpus.

Notes to Financial Statements

5. Grants and pledges receivable

Grants and pledges receivable at December 31, 2018 and 2017 are expected to be collected as follows:

	2018	2017
Year ending December 31, 2018	$ -	$ 179,773
Year ending December 31, 2019	472,793	-
Year ending December 31, 2020	25,000	-
Year ending December 31, 2021	19,000	-
Total grants and pledges receivable	516,793	179,773
Less: Estimated allowance for uncollectible balances	(51,679)	-
Less: Estimated collectible amount due within one year	(421,114)	(179,773)
Amount due after one year	$ 44,000	$ -

Grants and pledges receivable represent amounts which were committed by various individuals, organizations, and foundations. Grants and pledges receivable are recorded in the period in which the grant or pledge is received at its current collectible amount. CSC uses an allowance for doubtful accounts to estimate receivables deemed potentially uncollectible. Management has established an allowance for doubtful accounts totaling $51,679 at December 31, 2018. There was no allowance for doubtful accounts at December 31, 2017.

CSC received a conditional pledge, which is not accrued, amounting to $2,000,000 at December 31, 2018. The entire $2,000,000 is restricted to the capital campaign, and will be recognized as support when the conditions on which it depends are substantially met. There were no conditional pledges at December 31, 2017.

Grants and pledges receivable are classified as Level 2 hierarchy as of December 31, 2018 and 2017.

6. Availability and Liquidity

CSC aims to earn moderate returns on its investments, with a defensively positioned portfolio, while having a close eye on the liquid assets needed for daily operating activities. CSC's liquid assets are made up of cash accounts, grants and pledges receivable, and board designated marketable securities that are monitored to ensure timely collection of payments and profitable investment activity.

In order to ensure adequate funds are on hand for the coming twelve months, CSC measures first its current cash on hand, actively collects any past-due receivables and then turns to its board designated investment funds. Should CSC find that its current cash and receivables do not suffice for its current operating needs, the organization pulls resources from the investment funds to cover the remaining balance. Although CSC prepares detailed annual budgets that anticipate raising enough funds to cover operating activities, many of its large grantors pay toward the end of the year.

(continued)

Notes to Financial Statements

6. Availability and Liquidity *(continued)*

In such cases, CSC can use the investment funds to "float" the organization until payment collection occurs. Once these expected payments have been collected, CSC strives to periodically deposit funds back into its investment accounts and replace the funds borrowed for operating activities.

The table below shows CSC's total financial assets and the amounts that can be made available within one year:

		2018		2017
Cash and cash equivalents	$	**147,861**	$	223,376
Grants and pledges receivable, net		**421,114**		179,773
Investments		**4,814,042**		5,626,552
Financial assets available to meet general expenditures over the next twelve months	$	**5,383,017**	$	6,029,701

7. Property and Equipment

A summary of property and equipment is as follows at December 31, 2018 and 2017:

		2018		2017
Land	$	**259,627**	$	253,969
Building and improvements		**1,335,970**		1,309,695
Office furniture and equipment		**170,310**		165,925
Subtotal		**1,765,907**		1,729,589
Less accumulated depreciation		**(898,141)**		(820,567)
Total property, equipment and improvements (net)	$	**867,766**	$	909,022

Depreciation expense for the years ended December 31, 2018 and 2017 amounted to $77,574 and $73,384, respectively, and is reflected on the statement of functional expenses. There were no disposals during the years ended December 31, 2018 and 2017.

8. Lafayette Property Development

On January 21, 2016, CSC 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 included multiple 90 day extensions 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, 2018, CSC received the 5.75 acres of land as an in-kind donation.

(continued)

Notes to Financial Statements

8. Lafayette Property Development *(continued)*

Effective December 31, 2018, CSC capitalized the appraised value of this land along with certain development costs associated with the property, which included architecture and design services. As of December 31, 2018 and 2017, amounts capitalized as Lafayette property development totaled $2,220,433 and $270,718, respectively, and are reflected on the statements of financial position. Certain related expenses amounting to $152,171 and $201,727 during the years ended December 31, 2018 and 2017, respectively, were allocated from ongoing operational overhead and are reflected in the column titled "Lafayette Property Development" on the statement of functional expenses.

9. Lease Commitments

CSC leased certain office equipment under a separate operating lease agreement which required a quarterly rental remittance of $169 throughout the fiscal year ended December 31, 2018. Rent expense for all property and equipment for the years ended December 31, 2018 and 2017 amounted to $887 and $675, respectively, and is included in supplies, printing and office on the statement of functional expenses.

10. Net Assets

Net Assets without Donor Restrictions

Net assets without donor restrictions assets consist of the following at December 31, 2018 and 2017:

	2018	2017
Without donor restrictions: undesignated	**$ 3,646,842**	$ 1,473,543
Without donor restrictions: board designated for investments	**5,055,200**	5,816,556
Total designated and undesignated unrestricted net assets	**$ 8,702,042**	$ 7,290,099

Net Assets with Donor Restrictions

CSC recognizes support from net assets with donor restrictions when the restrictions imposed by the donors have been satisfied or expired.

Net assets with donor restrictions consist of the following at December 31, 2018 and 2017:

	2018	2017
Net assets with time and/or purpose restrictions:		
Restricted for capital campaign	**$ -**	$ -
Restricted for future special events	**1,800**	-
Total net assets with time and/or purpose restrictions	**$ 1,800**	$ -

(continued)

10. Net Assets *(continued)*

During the years ended December 31, 2018 and 2017, additions to net assets with donor restrictions amounted to $127,994 and $90,876, respectively. Net assets released from restrictions amounted to $126,194 and $90,876 during the years ended December 31, 2018 and 2017, respectively.

11. Related Party Transactions

CSC board members made monetary contributions totaling $557,416 and $417,005 during the years ended December 31, 2018 and 2017, respectively.

12. Vehicle Donation Program

CSC 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 CSC. The net amount received for auto donations amounted to $13,806 and $4,139 for the years ended December 31, 2018 and 2017, respectively.

13. Retirement Plan

CSC offers employees the opportunity for participation in a salary reduction retirement plan qualified under Internal Revenue Code Section 401(k). Under the terms of the CSC Contributory Retirement/Savings Plan, contributions in the form of payroll deductions are invested at the direction of the Plan participants 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 $13,472 and $7,019 for the years ended December 31, 2018 and 2017, respectively.

14. Compensated Absences (Accrued Payroll Liabilities)

Financial statement presentation follows the recommendations of ASC 710.25, *Compensated Absences*. Under ASC 710.25, CSC 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 payroll liabilities amounted to $21,774 and $10,406 at December 31, 2018 and 2017, respectively.

Notes to Financial Statements

15. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

16. 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 CSC to fulfill certain requirements as set forth in grant instruments, (b) funding levels which vary based on factors beyond CSC'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.

17. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, CSC has evaluated subsequent events through May 10, 2019, 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.