



# **Cancer Support Community – San Francisco Bay Area**

## **Financial Statements**

**For the year ended  
December 31, 2019**

With Independent Auditors' Report Thereon

# Cancer Support Community - San Francisco Bay Area

(A California Not-for-Profit Corporation)

## 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.

## Cancer Support Community - San Francisco Bay Area

(A California Not-for-Profit Corporation)

### 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, 2019, 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 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 2019. Of the \$378,994 grants, pledges and accounts receivable reflected on the statements of financial position, \$121,321 (net of allowance for doubtful accounts) 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 our total fixed assets 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 \$332,720 for the year ended December 31, 2019 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 total capital expenditures of \$25,782 as of December 31, 2019, reflected within property, equipment and improvements on the statements of financial position.

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 2,225 people were served during 2019, which continues to increase year-over-year.

Thus, the 2019 fiscal year included a planned operating deficit as CSC prepares for these three expansion initiatives. A total of \$550,000 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 2018 on the statement of financial position. CSC ended the fiscal year with a total of \$9,401,531 in net assets, and with \$5,795,426 in cash and investments.

# Cancer Support Community - San Francisco Bay Area

(A California Not-for-Profit Corporation)

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### Board of Directors as of December 31, 2019

<u>Name</u>	<u>Position</u>	<u>Name</u>	<u>Position</u>
Patrick Devinger	President	Kim Callas	Director
Sean Maduck	Vice President	Brenda Carlson	Director
Barry Mendelson	Treasurer	Donald Duggan	Director
Ron Schwab	Secretary	Linda Guzzi	Director
Barry Mendelson	Investment Chair	Jewel Johl, MD	Director
Eric Rudney	Capital Campaign Chair	Anjali Sibley, MD	Director
John Thuma	Engagement Chair	Todd Skrinar	Director
Kim Callas	Director	Piyush Srivastava, MD	Director

James Bouquin    Executive Director

### Cancer Support Community – San Francisco Bay Area

3276 McNutt Avenue  
Walnut Creek, California 94597  
925.933.0107

Web Site Address: [www.cancersupport.net](http://www.cancersupport.net)  
Email: [info@cancersupport.net](mailto:info@cancersupport.net)



**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, 2019 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, 2019, 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, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 10, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Regalia & Associates*

Danville, California  
May 18, 2020

**Cancer Support Community - San Francisco Bay Area**

**Statements of Financial Position  
December 31, 2019 and 2018**

**ASSETS**

	<b>2019</b>	<b>2018</b>
Current assets:		
Cash and cash equivalents	\$ 173,256	\$ 147,861
Grants, pledges and accounts receivable, net	293,994	421,114
Investments	5,381,012	4,814,042
Prepaid expenses and other assets	40,591	15,469
	<hr/>	<hr/>
Total current assets	5,888,853	5,398,486
	<hr/>	<hr/>
Noncurrent assets:		
Grants and pledges receivable (long-term)	85,000	44,000
Investments	254,072	241,158
Lafayette property development	2,439,116	2,220,433
Property, equipment and improvements (net)	823,188	867,766
	<hr/>	<hr/>
Total noncurrent assets	3,601,376	3,373,357
	<hr/>	<hr/>
Total assets	\$ 9,490,229	8,771,843
	<hr/>	<hr/>

**LIABILITIES AND NET ASSETS**

Current Liabilities:		
Accounts payable and accrued liabilities	\$ 30,461	\$ 46,227
Accrued payroll liabilities	42,323	21,774
Deferred revenue	3,000	-
Total current liabilities	75,784	68,001
	<hr/>	<hr/>
Net assets:		
Without donor restrictions: undesignated	3,738,063	3,646,842
Without donor restrictions: board designated for investments	5,635,084	5,055,200
With donor restrictions	41,298	1,800
	<hr/>	<hr/>
Total net assets	9,414,445	8,703,842
	<hr/>	<hr/>
Total liabilities and net assets	\$ 9,490,229	\$ 8,771,843
	<hr/>	<hr/>

## Cancer Support Community - San Francisco Bay Area

### Statements of Activities and Changes in Net Assets For the Years Ended December 31, 2019 and 2018

<i>Changes in net assets without donor restrictions:</i>	<u>2019</u>	<u>2018</u>
Revenue and support:		
Contributions:		
Individuals	\$ 382,910	\$ 554,286
Foundations	20,600	10,500
Corporations	446,083	394,403
In-kind property	58,000	1,900,000
In-kind goods and services	10,687	6,991
Fundraising and special events	608,275	589,102
National Program Grants	14,599	14,752
Medical and clinical contracts & grants	42,500	46,250
Interest and investment income, net of fees	199,537	209,413
Unrealized investment gains (losses)	695,904	(471,317)
Other income	120	769
Net loss on disposal of property and equipment	(1,291)	-
Total revenue without donor restrictions	<u>2,477,924</u>	<u>3,255,149</u>
Net assets released from restrictions:		
Satisfaction of program/timing restrictions	245,044	126,194
Total revenue and support	<u>2,722,968</u>	<u>3,381,343</u>
Expenses:		
Programs and activities	1,413,390	1,405,718
Lafayette property development	332,720	152,171
Management and general	182,961	234,708
Fundraising	122,792	176,803
Total expenses	<u>2,051,863</u>	<u>1,969,400</u>
Increase in net assets without donor restrictions	<u>671,105</u>	<u>1,411,943</u>
<i>Changes in net assets with donor restrictions:</i>		
Grants and contributions	284,542	127,994
Net assets released from restrictions	(245,044)	(126,194)
Increase in net assets with donor restrictions	<u>39,498</u>	<u>1,800</u>
Increase in net assets	710,603	1,413,743
Net assets at beginning of year	8,703,842	7,290,099
Net assets at end of year	<u>\$ 9,414,445</u>	<u>\$ 8,703,842</u>

**Cancer Support Community - San Francisco Bay Area**

**Statements of Cash Flows  
For the Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<i>Operating activities:</i>		
Increase in net assets	\$ 710,603	\$ 1,413,743
Adjustments to reconcile to cash provided by (used for) operating activities:		
Depreciation	72,615	77,574
Net loss on disposal of property and equipment	1,291	
Unrealized investment losses (gains)	(695,904)	471,317
In-kind contributions capitalized as Lafayette property development	(58,000)	(1,900,000)
<i>Changes in:</i>		
Grants, pledges and accounts receivable, net	86,120	(285,341)
Prepaid expenses and other assets	(25,122)	12,441
Accounts payable and accrued liabilities	(15,766)	(80,623)
Accrued payroll liabilities	20,549	11,368
Deferred revenue	3,000	-
	<hr/>	<hr/>
Cash provided by (used for) operating activities	99,386	(279,521)
	<hr/>	<hr/>
<i>Investing activities:</i>		
Disposition of investments, net	116,020	290,039
Lafayette property development, net of in-kind contributed property	(160,683)	(49,715)
Acquisition of property and equipment	(29,328)	(36,318)
	<hr/>	<hr/>
Cash provided by (used for) investing activities	(73,991)	204,006
	<hr/>	<hr/>
Increase (decrease) in cash and cash equivalents	25,395	(75,515)
Cash and cash equivalents at beginning of year	147,861	223,376
	<hr/>	<hr/>
Cash and cash equivalents at end of year	\$ 173,256	\$ 147,861
	<hr/>	<hr/>
<i>Additional cash flow information:</i>		
State registration taxes paid	\$ 150	\$ 150
	<hr/>	<hr/>
Interest paid	\$ -	\$ -
	<hr/>	<hr/>



## Cancer Support Community - San Francisco Bay Area

Statement of Functional Expenses  
 For the Year Ended December 31, 2019  
 (with Summarized Financial Information for the Year Ended December 31, 2018)

	Programs and Activities	Lafayette Property Devel- opment	Manage- ment and General	Fund- raising and Dev- elopment	Totals Year Ended Dec 31 2019	Totals Year Ended Dec 31 2018
Bank fees, service charges and merchant fees	\$ 8,240	\$ -	\$ 1,099	\$ 1,648	\$ 10,987	\$ 12,677
Property development	-	34,231	-	-	34,231	42,778
Bad debt expense	-	-	-	-	-	51,679
Depreciation	54,461	-	7,261	10,893	72,615	77,574
In-kind goods and services	8,015	-	1,069	1,603	10,687	6,991
Insurance	17,852	-	2,380	3,571	23,803	23,747
National affiliation and conference	16,112	-	-	-	16,112	18,912
Occupancy	33,893	-	4,519	6,778	45,190	42,487
Other	-	-	18,337	-	18,337	347
Outreach and marketing	89,339	-	-	-	89,339	104,297
Outside and professional services	-	-	73,897	12,188	86,085	74,364
Postage and printing	9,344	-	1,246	1,869	12,459	22,624
Program supplies	30,736	-	-	-	30,736	34,831
Salaries, benefits and professional staff	976,417	298,489	50,623	50,445	1,375,974	1,242,599
Special events	116,058	-	15,474	23,211	154,743	142,528
Telephone, internet and web page	32,289	-	4,305	6,459	43,053	39,781
Travel and staff development	20,634	-	2,751	4,127	27,512	31,184
<b>Totals</b>	<b>\$1,413,390</b>	<b>\$ 332,720</b>	<b>\$ 182,961</b>	<b>\$ 122,792</b>	<b>\$ 2,051,863</b>	<b>\$ 1,969,400</b>

Notes to Financial Statements  
December 31, 2019

**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. CSC's 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. CSC is an affiliate of the international Cancer Support Community organization, but it is an independent nonprofit corporation, so all of the funds we raise are used to support people affected by cancer in the local community.

CSC's East Bay facility opened in Walnut Creek in 1990, and now serves over 2,000 people affected by cancer each year. CSC also provides 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 its 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").

***Measure of Operations*** – The statement 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 operations which include a variety of programmatic activities. Nonoperating activities are limited to resources that generate return from interest-bearing deposits and other activities considered to be of a more unusual or nonrecurring nature.

***Cash and Cash Equivalents*** – Cash and cash equivalents include all monies in FDIC-insured bank accounts and highly liquid investments with maturity dates of less than three months. Cash equivalents include short-term interest-bearing investments in money market and liquid asset accounts. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

***Concentrations of Credit Risk*** – Financial instruments that potentially subject CSC to concentrations of credit risk consist principally of cash and cash equivalents and deposits. CSC maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. CSC manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy.

*(continued)*

Notes to Financial Statements  
December 31, 2019

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

**Concentrations of Credit Risk** *(continued)*

To date, CSC has not experienced losses in any of these accounts. Credit risk associated with grants, pledges and accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable organizations and foundations supportive of CSC's mission.

**Grants, Pledges and Accounts Receivable** – Grants, pledges and accounts receivable consist primarily of amounts due from reputable organizations, foundations and individuals supportive of CSC's mission. CSC uses an allowance for doubtful accounts to estimate receivables deemed potentially uncollectible. The estimated allowance for doubtful accounts is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. It is the policy of the organization to periodically assess receivables to determine proper carrying value.

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.

**Comparative Financial Information** – The accompanying financial statements include certain prior-year summarized comparative information in total but not by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the audited financial statements for the year ended December 31, 2018, from which the summarized information was derived.

**In-Kind Contributions** – In-kind contributions are reflected at the fair value of the contribution received in accordance with *ASC 958.605.30-11*. The contributions of services, equipment, and other materials 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. CSC received in-kind contributions of \$68,687 and \$1,906,991 for the years ended December 31, 2019 and 2018, respectively.

**Contributed Services** – Volunteers donate a substantial amount of time to CSC. While significant in value, these services are not recorded in the financial statements since they are not susceptible to objective measurement or valuation.

**Reclassifications** – Certain prior year amounts have been reclassified to conform to fiscal year 2019 presentation. These changes had no impact on previously reported changes in net assets.

*(continued)*

Notes to Financial Statements  
December 31, 2019

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

**Functional Allocation of 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 services and supporting services benefited. Such allocations are determined by management on an equitable basis. A majority of expenses (such as salaries and wages, professional services, and insurance) have been allocated based on time and effort using CSC's payroll allocations. Other expenses (such as occupancy and depreciation) have been allocated on a square footage basis.

**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 model of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

*(continued)*

Notes to Financial Statements  
December 31, 2019

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

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

**Net Assets** - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Thus, 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 \$5,635,084 and \$5,055,200 as of December 31, 2019 and 2018, respectively.

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 can be 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. A transfer of funds with a conditional promise to contribute them are accounted for as a refundable advance until the conditions 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.

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.

**Investments** – Investments are reported at fair value with gains and losses included in the statement of activities and changes in net assets. CSC follows the provisions of *ASC 958.320, Investments – Debt and Equity Securities of Not-for-Profit Entities* and has estimated the fair value of its investments using available market information and other valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts that CSC could realize in a current market exchange.

(*continued*)

Notes to Financial Statements  
December 31, 2019

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

**Investments** *(continued)*

The use of different assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. The estimates are based on pertinent information available to management as of December 31, 2019 and 2018. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, current estimates of fair value may differ significantly from the statements presented, especially in light of the impact of COVID-19 on financial markets.

**Property and Equipment** – CSC’s policy is to record acquisitions of property and equipment at cost or, if donated, at fair market value on the date of donation. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities.

Costs of maintenance and repairs are expensed currently. CSC reviews the carrying values of all assets for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated economic utility and/or future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. CSC has determined that no long-lived assets were impaired during the years ended December 31, 2019 and 2018.

**Income Taxes** – CSC is organized as California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. CSC is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. CSC is not required to file an Exempt Organization Business Income Tax Return (Form 990-T) because it had no unrelated business taxable income for the year ended December 31, 2019.

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

*(continued)*

Notes to Financial Statements  
December 31, 2019

**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*. This new pronouncement is effective for fiscal years beginning after December 15, 2020, and early adoption is permitted. CSC is currently assessing the impact that adoption of ASU 2016-02 will have on its financial statements.

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 18, 2020 (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.

In June 2018, the FASB issued *ASU 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB issued this update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this Update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Accordingly, CSC has incorporated these clarifying standards within the audited financial statements.

**3. Cash and Cash Equivalents**

Cash and cash equivalents of \$173,256 and \$147,861 at December 31, 2019 and 2018, respectively, include all funds in local checking accounts that have a maturity date of 90 days or less.

## Cancer Support Community - San Francisco Bay Area

### Notes to Financial Statements December 31, 2019

#### 4. Grants, Pledges and Accounts Receivable

Grants, pledges and accounts receivable at December 31, 2019 and 2018 are expected to be collected as follows:

	2019	2018
Year ending December 31, 2019	\$ -	\$ 472,793
Year ending December 31, 2020	348,173	25,000
Year ending December 31, 2021	42,000	19,000
Year ending December 31, 2022	23,500	-
Year ending December 31, 2023	19,500	-
Total grants, pledges and accounts receivable	433,173	516,793
Less: Estimated allowance for uncollectible balances	(51,679)	(51,679)
Less: Estimated collectible amount due within one year	(296,494)	(421,114)
Amount due after one year	\$ 85,000	\$ 44,000

Grants, pledges and accounts receivable represent amounts which were committed by various individuals, organizations, and foundations. Grants, pledges and accounts 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 established an allowance for doubtful accounts totaling \$51,679 and \$51,679 at December 31, 2019 and 2018, respectively.

CSC has received multiple conditional pledges which are restricted to the capital campaign. These pledges amount to \$2,100,000 and have not been accrued as of December 31, 2019. The conditional contributions will be recognized as support when the conditions on which they depend are substantially met.

Grants and pledges receivable are classified as Level 2 hierarchy as of December 31, 2019 and 2018.

#### 5. 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:

	2019 Fair Value	2018 Fair Value
Money market funds (bearing interest at 0.06% per annum)	\$ 308,267	\$ 154,798
Mutual funds	1,535,125	1,482,754
Equities	3,181,726	2,869,229
Investment pool (EBCF)	308,129	258,295
Real Estate Investment Trust ("REIT")	47,765	48,966
Limited partnership	254,072	241,158
Total investments	\$ 5,635,084	\$ 5,055,200

*(continued)*



## Cancer Support Community - San Francisco Bay Area

### Notes to Financial Statements December 31, 2019

#### 5. Investments *(continued)*

Composition of investments utilizing fair value measurements at December 31, 2019 is as follows:

	Totals	Level 1	Level 2	Level 3	NAV
Money market funds	\$ 308,267	\$ 308,267	\$ -	\$ -	\$ -
Mutual funds	1,535,125	1,535,125	-	-	-
Equities	3,181,726	3,181,726	-	-	-
Investment pool (EBCF)	308,129	-	308,129	-	-
REIT	47,765	47,765	-	-	-
Limited partnership	254,072	-	-	-	254,072
Totals	<u>\$ 5,635,084</u>	<u>\$ 5,072,883</u>	<u>\$ 308,129</u>	<u>\$ -</u>	<u>\$ 254,072</u>

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

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

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 investments 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. Net asset value (NAV) per share, or its equivalent, is used as a practical expedient to estimate the fair market value of certain hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

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.

*(continued)*

Notes to Financial Statements  
December 31, 2019

5. Investments (*continued*)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Uniform Prudent Management of Institutional Funds Act (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 in net assets with donor restrictions – time/purpose at December 31, 2019. Such 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. Although there were none at December 31, 2019 and 2018, future deficiencies of this nature (if applicable) would be reported in net assets with donor restrictions – time/purpose in accordance with ASU 2016-14.

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 of donor and 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 is analyzed, calculated, and then recommended by the Finance 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  
December 31, 2019

**6. 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.

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.

As of December 31, 2019, the following table shows the total financial assets held by CSC and the amounts of those financial assets readily available within one year of the balance sheet date to meet general expenditures:

Cash and cash equivalents	\$	173,256
Grants, pledges and accounts receivable		296,494
Investments – current portion		5,381,012
Less: amounts not available to be used within one year:		
Net assets with donor restrictions for programs		<u>(41,298)</u>
Financial assets available to meet general expenditures over the next twelve months	\$	<u>5,809,464</u>

CSC's goal is generally to maintain financial assets equal to or in excess of 90 days of operating expenses.

**7. Property and Equipment**

Property and equipment consist of the following at December 31:

	<b>2019</b>		<b>2018</b>
Land	\$ 279,751	\$	259,627
Building improvements	1,335,970		1,335,970
Office furniture and equipment	177,401		170,310
Subtotal	<u>1,793,122</u>		<u>1,765,907</u>
Less: accumulated depreciation	<u>(969,934)</u>		<u>(898,141)</u>
Property and equipment, net	\$ 823,188	\$	867,766

*(continued)*

**Notes to Financial Statements  
December 31, 2019**

**7. Property and Equipment** *(continued)*

Depreciation expense for the years ended December 31, 2019 and 2018 amounted to \$72,615 and \$77,574, respectively, and is reflected on the statement of functional expenses. During the year ended December 31, 2019, CSC disposed of partially-depreciated property with an original cost basis of \$2,113 and accumulated depreciation of \$822, resulting in a loss on disposal of \$1,291. The net loss on disposal of property and equipment is reflected in the statement of activities and changes in net assets. There were no disposals during the year ended December 31, 2018.

**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.

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, 2019 and 2018, amounts capitalized as Lafayette property development totaled \$2,439,116 and \$2,220,433, respectively, and are reflected on the statements of financial position. Certain related expenses amounting to \$332,720 and \$152,171 during the years ended December 31, 2019 and 2018, 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**

Effective July 15, 2019, CSC is committed to a ten-year operating lease, through December 31, 2029, for office and program space in Antioch, California. The lease stipulates a payment amount of \$3,529 per month beginning January 1, 2020, and will increase at a rate of 3.0% per annum. CSC is to pay for its own janitorial, phone, and internet services, as well as water and electricity. The landlord is responsible for trash disposal, pest control, and common area maintenance.

During the years ended December 31, 2019 and 2018, occupancy expense consists primarily of utilities and maintenance expense at CSC's wholly owned Walnut Creek office location. Occupancy expense for the facility to \$45,190 and \$42,487 for the years ended December 31, 2019 and 2018, respectively. At December 31, 2019, minimum future lease payments for operating leases with terms of one year or more are as follows: Year ending December 31, 2020: \$42,349; Year ending December 31, 2021: \$43,620; Year ending December 31, 2022: \$44,928; Year ending December 31, 2023: \$46,276; Year ending December 31, 2024: \$47,665; and thereafter: \$260,650.

Notes to Financial Statements  
December 31, 2019

**10. Related Party Transactions**

CSC board members made monetary contributions totaling \$398,211 and \$557,416 during the years ended December 31, 2019 and 2018, respectively.

**11. 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 \$6,414 and \$13,806 for the years ended December 31, 2019 and 2018, respectively.

**12. Net Assets**

Net Assets without Donor Restrictions

Net assets without donor restrictions consist of the following as of December 31:

	2019	2018
Undesignated net assets from operating activities	\$ 3,738,063	\$ 3,646,842
Board-designated for investments	5,635,084	5,055,200
Total net assets without donor restrictions	\$ 9,373,147	\$ 8,702,042

Net Assets with Donor Restrictions – Time/Program

CSC recognizes support from net assets with donor restrictions imposed by the donors have been satisfied or expired. Net assets with donor restrictions – time/program consist of the following as of December 31:

	2019	2018
Antioch general support	\$ 39,998	\$ -
Future special event	1,300	1,800
Total net assets with donor restrictions – time/purpose	\$ 41,298	\$ 1,800

During the years ended December 31, 2019 and 2018, additions to net assets with donor restrictions amounted to \$284,542 and \$127,994, respectively. Net assets released from restrictions amounted to \$245,044 and \$126,194 during the years ended December 31, 2019 and 2018, respectively.

**13. Compensated Absences (Accrued Payroll and Related Benefits)**

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 \$42,323 and \$21,774 at December 31, 2019 and 2018, respectively.

**Notes to Financial Statements  
December 31, 2019**

**14. 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 \$18,512 and \$13,472 for the years ended December 31, 2019 and 2018, respectively.

**15. Commitments and Contingencies**

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into contracts and future projects, which are 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 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 various granting agencies. Management believes that such commitments, contingencies and risks will not have a material adverse effect on the financial statements.

**16. Subsequent Events**

In compliance with *ASC 855, Subsequent Events*, CSC has evaluated subsequent events through May 18, 2020, the date the financial statements were available to be issued. Subsequent to December 31, 2019 (the end of CSC's fiscal year), an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. The novel coronavirus threat (which became widespread during February and March 2020) has (a) significantly impacted financial markets, (b) potentially diminished revenue streams, and (c) impacted private enterprises with which CSC conducts business. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. These combined financial statements do not contain any adjustments related to economic losses which may or may not be realized by CSC as a result of these events. In the opinion of management, there are no other subsequent events which are required to be disclosed.