



Cancer Lifeline

Financial Statements
Years Ended December 31, 2019 and 2018

Cancer Lifeline

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Independent Auditors' Report

To the Board of Directors
Cancer Lifeline
Seattle, Washington

We have audited the accompanying financial statements of Cancer Lifeline, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows 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 Lifeline as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter - Prior Period Financial Statement

The financial statements of Cancer Lifeline as of and for the year ended December 31, 2018, were audited by Peterson Sullivan LLP ("PS"), whose partners and professional staff joined BDO USA, LLP as of November 1, 2019, and has subsequently ceased operations. PS expressed an unmodified opinion on those statements in their report dated March 27, 2019.

BDO USA, LLP

March 17, 2020

Financial Statements

Cancer Lifeline
Statements of Financial Position

<i>December 31,</i>	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 627,731	\$ 474,294
Pledges receivable	49,477	160,625
Prepaid expenses	27,461	23,033
Total Current Assets	704,669	657,952
Investments	878,483	695,189
Property and Equipment, net	764,602	767,373
Total Assets	\$ 2,347,754	\$ 2,120,514
 Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 18,286	\$ 13,939
Accrued wages and benefits	25,526	22,106
Deferred program service revenue	50,204	10,493
Total Current Liabilities	94,016	46,538
Net Assets		
Without donor restrictions	1,811,043	1,758,514
With donor restrictions	442,695	315,462
Total Net Assets	2,253,738	2,073,976
Total Liabilities and Net Assets	\$ 2,347,754	\$ 2,120,514

See accompanying notes to financial statements.

Cancer Lifeline
Statements of Activities

<i>Year ended December 31,</i>	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Contributions	\$ 224,893	\$ 127,000	\$ 351,893	\$ 336,289	\$ 189,500	\$ 525,789
Bequests	-	-	-	466,967	-	466,967
Program services	367,004	-	367,004	307,370	-	307,370
Special events - revenue	325,557	422,287	747,844	241,980	232,175	474,155
Special events - direct benefit to donors	(58,227)	-	(58,227)	(58,227)	-	(58,227)
In-kind contributions - program services	27,675	-	27,675	29,986	-	29,986
Investment earnings (losses)	80,525	-	80,525	(13,095)	-	(13,095)
Other income	28,800	-	28,800	2,400	-	2,400
Net assets released from restrictions	422,054	(422,054)	-	368,530	(368,530)	-
Total Support and Revenue	1,418,281	127,233	1,545,514	1,682,200	53,145	1,735,345
Expenses						
Program	957,192	-	957,192	882,864	-	882,864
General and administrative	106,482	-	106,482	93,688	-	93,688
Fundraising	302,078	-	302,078	300,725	-	300,725
Total Expenses	1,365,752	-	1,365,752	1,277,277	-	1,277,277
Change in Net Assets	52,529	127,233	179,762	404,923	53,145	458,068
Net Assets, beginning of year	1,758,514	315,462	2,073,976	1,353,591	262,317	1,615,908
Net Assets, end of year	\$ 1,811,043	\$ 442,695	\$ 2,253,738	\$ 1,758,514	\$ 315,462	\$ 2,073,976

See accompanying notes to financial statements.

Cancer Lifeline

Statements of Functional Expenses

Year ended December 31,	2019				2018			
	Program	General and Administrative	Fundraising	Total	Program	General and Administrative	Fundraising	Total
Salaries and related expenses	\$ 378,332	\$ 87,763	\$ 141,676	\$ 607,771	\$ 322,173	\$ 79,504	\$ 163,282	\$ 564,959
Direct financial aid	297,400	-	-	297,400	299,000	-	-	299,000
Membership dues, meetings, and events	1,197	-	88,550	89,747	-	-	59,257	59,257
Professional fees - other	35,612	4,654	42,663	82,929	34,693	3,635	66,847	105,175
Professional fees - class instructors	77,080	-	-	77,080	72,293	-	-	72,293
Equipment, repairs, and maintenance	37,261	4,735	20,395	62,391	28,473	2,983	16,950	48,406
Occupancy	22,232	2,905	7,509	32,646	24,601	2,574	8,070	35,245
Advertising	95	-	31,203	31,298	212	13	1,648	1,873
In-kind services	27,675	-	-	27,675	29,356	152	478	29,986
Printing and copying	11,334	90	8,128	19,552	9,982	530	12,652	23,164
Supplies	8,355	696	2,512	11,563	5,809	276	2,208	8,293
Telephone and internet	6,026	772	2,028	8,826	6,495	672	2,106	9,273
Postage and mailing	5,923	293	1,534	7,750	6,034	25	5,132	11,191
Insurance	4,265	557	1,440	6,262	4,328	453	1,422	6,203
Bank and credit card fees	1,131	-	540	1,671	1,618	-	7,820	9,438
Depreciation	26,445	3,456	8,931	38,832	25,562	2,678	8,396	36,636
Other	16,829	561	3,196	20,586	12,235	193	2,684	15,112
	957,192	106,482	360,305	1,423,979	882,864	93,688	358,952	1,335,504
Less: direct benefit to donors	-	-	(58,227)	(58,227)	-	-	(58,227)	(58,227)
Total Expenses Included in the Expense Section on the Statements of Activities	\$ 957,192	\$ 106,482	\$ 302,078	\$ 1,365,752	\$ 882,864	\$ 93,688	\$ 300,725	\$ 1,277,277

See accompanying notes to financial statements.

Cancer Lifeline
Statements of Cash Flows

<i>Year ended December 31,</i>	2019	2018
Cash Flows from Operating Activities		
Change in net assets	\$ 179,762	\$ 458,068
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	38,832	36,636
Realized and unrealized losses (gains) on investments	(65,432)	20,342
Changes in operating assets and liabilities:		
Pledges receivable	111,148	(152,842)
Prepaid expenses	(4,428)	1,979
Accounts payable	4,347	(2,339)
Accrued wages and benefits	3,420	(1,675)
Deferred program service revenue	39,711	(42,462)
Net Cash Flows from Operating Activities	307,360	317,707
Cash Flows for Investing Activities		
Purchases of property and equipment	(36,061)	(1,796)
Purchases of investments	(578,192)	(448,571)
Sales of investments	460,330	131,831
Net Cash Flows for Investing Activities	(153,923)	(318,536)
Net Change in Cash and Cash Equivalents	153,437	(829)
Cash and Cash Equivalents, beginning of year	474,294	475,123
Cash and Cash Equivalents, end of year	\$ 627,731	\$ 474,294

See accompanying notes to financial statements.

Cancer Lifeline

Notes to Financial Statements

1. The Organization and Summary of Significant Accounting Policies

Description of the Organization

Cancer Lifeline is a Washington nonprofit corporation whose mission is to optimize the quality of life for all people living with cancer, including patients, survivors, family, friends, and co-workers. Cancer Lifeline has a nationwide, toll-free lifeline (“the Lifeline”) that provides emotional support and resource referrals. While the Lifeline remains central to the mission today, Cancer Lifeline has responded to the needs of the community by expanding services to include a wide range of programs, classes, and events provided at locations throughout western Washington. All services are free of charge to participants. Cancer Lifeline’s program services include:

- *Individual and Family Support:* This program activity includes the Lifeline, family meetings, Share-the-Care meetings, and parents’ groups.
- *Group Support:* Cancer Lifeline offers 18 support groups for cancer patients, caregivers, and survivors. Groups meet on a regular basis and create a community where similar experiences allow participants to share thoughts, feelings, information, and support. All groups are led by trained professionals.
- *Classes and Events:* Classes and workshops are adapted to meet the needs of cancer patients and survivors in all stages of treatment and recovery. Offerings include health promotion classes such as nutrition, gentle exercise, and meditation as well as creative expression programming including writing groups, visual arts classes, music and sound, and horticulture workshops.
- *Direct Financial Aid:* Through funding from the Cancer Lifeline Patient Assistance Fund and the Susan G. Komen Foundation for breast cancer, Cancer Lifeline provides financial aid to low-income cancer patients throughout western Washington. Payments are made to support patients with expenses such as rent, utilities, prescriptions, insurance premiums, food, and child care. Cancer Lifeline also locates other resources within the community to leverage the financial assistance it provides to cancer patients.

Financial Statement Presentation

Cancer Lifeline reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. At December 31, 2019 and 2018, the Board of Directors has designated \$300,000 of net assets without donor restrictions as reserve funds for future operations.

Cancer Lifeline

Notes to Financial Statements

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of unexpended contributions restricted for particular programs. Net assets with donor restrictions are transferred to net assets without donor restrictions as expenditures are incurred for the restricted programs. Net assets with donor restrictions, listed by purpose, consist of the following:

<i>December 31,</i>	2019		2018	
Direct financial aid	\$	411,445	\$	250,430
Direct financial aid (Komen Foundation)		31,250		35,931
Building maintenance		-		29,101
	\$	442,695	\$	315,462

Use of Estimates

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

Cash and Cash Equivalents

Cancer Lifeline considers highly liquid investments purchased with an original maturity of three months or less, other than those assets held in Cancer Lifeline's long-term investment portfolio, to be cash equivalents. At times, Cancer Lifeline may hold deposits in excess of federally insured limits.

Pledges Receivable

Unconditional promises to give (pledges) are recognized as revenues in the period the pledge is received. Pledges receivable are recorded at net realizable value. Two pledges made up 82% of total pledges receivable at December 31, 2018. There were no concentrations of pledges receivable at December 31, 2019.

Management reviews the collectibility of pledges receivable on a periodic basis and determines the amount estimated to be uncollectible. A reserve for doubtful accounts is then established. Cancer Lifeline charges off receivables against the allowance when management determines that a receivable is not collectible. Management determined an allowance for doubtful accounts was not necessary at December 31, 2019 or 2018.

Investments

Cancer Lifeline carries its investments at fair value (using Level 1 inputs - quoted prices in an active market) and recognizes the realized and unrealized gain/loss in the change in net assets in the year the change in value occurs. Investments include cash or money market accounts that are associated with the investment account, as well as certificates of deposits, which are valued at cost, plus accrued interest.

Cancer Lifeline

Notes to Financial Statements

Investment income/loss is reported in the statements of activities and consists of interest and dividend income, and realized and unrealized gains and losses, less investment expenses.

Property and Equipment

Property and equipment are stated at cost, if purchased, and at estimated fair value, if donated. Individual items with a cost of over \$2,500 and an estimated useful life of longer than one year are capitalized. Depreciation of buildings and equipment is computed using straight-line methods over the following estimated useful lives:

	Years
Buildings	40
Building improvements	5-30
Furniture and equipment	5-30

Revenue Recognition

Contributions - Cancer Lifeline recognizes contributions with or without donor restrictions when a gift is received or pledged. There were no significant concentrations of contributions in 2019 or 2018.

Bequests - Cancer Lifeline recognizes revenue from bequests when (1) the bequest becomes an unconditional promise to give and (2) when the amount to be received can be estimated. This is usually when the last will and testament associated with the bequest has gone through probate. There were no bequests in 2019. One bequest represented 27% of total support and revenue in 2018.

Program Services Revenue - Revenue from program services is primarily composed of fees associated with services provided to hospitals including counseling, classes, conferences, and support groups. These revenues are recorded when earned, which is typically when the activity occurs. Program service revenues paid in advance of the service period are recognized as deferred program service revenue. There were no significant concentrations of program services revenue in 2019 or 2018.

Special Events - Revenue from special events is recognized in the period the event takes place. Funds collected in advance of the event are deferred until the event occurs. Likewise, expenses paid prior to the date of the event are recognized as prepaid expenses and are charged to expense on the date of the event. Special events primarily include a breakfast, a luncheon, and an evening gala.

Contributed Services

Contributed services are recorded at their estimated fair value at the date of donation and have been included in revenues and expenses. Donated services are recognized if the services create or enhance a nonfinancial asset or the services require specialized skills that are provided by individuals possessing those skills. In-kind contributed program services consist of volunteer hours for the Lifeline and totaled \$27,675 and \$29,986 for the years ended December 31, 2019 and 2018, respectively.

Cancer Lifeline

Notes to Financial Statements

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain expenses are attributed to more than one program or supporting function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. The expenses that are allocated include occupancy and depreciation, which are allocated based on estimated use of space, and salaries and wages, benefits, payroll taxes, professional fees, and equipment, repairs, and maintenance, which are allocated on the basis of estimates of time and effort.

Federal Income Tax

The IRS has determined that Cancer Lifeline is exempt from federal income tax under Internal Revenue Code Section 501(c)(3); accordingly, no provision has been made for federal income tax in the accompanying financial statements.

Recent Accounting Pronouncement Adopted

During the year ended December 31, 2019, Cancer Lifeline adopted the provisions of Accounting Standards Update ("ASU") No. 2014-09 ("ASU 2014-09"), *Revenue from Contracts with Customers* (commonly referred to as Accounting Standards Codification Topic 606 ("ASC 606")), issued by the Financial Accounting Standards Board ("FASB"). The pronouncement was issued to clarify the principles for recognizing revenue and the core principle of the guidance is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The following five steps are applied to achieve that core principle:

- Step 1: Identify the contract with the customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when the organization satisfies a performance obligation

Cancer Lifeline recognizes hospital contract revenue when Cancer Lifeline's performance obligations are satisfied ratably over the duration of the contracts, which approximates the time the various services, such as counseling, classes, conferences, and support groups, are provided. There are no significant judgments affecting the determination of amount and timing of revenue.

The adoption of ASU 2014-09 resulted in no change to the statements of financial position or statements of activities for 2019 or 2018.

Subsequent Events

Cancer Lifeline has evaluated subsequent events through the date these financial statements were available to be issued, which was March 17, 2020.

Cancer Lifeline

Notes to Financial Statements

2. Liquidity and Availability of Resources

Cancer Lifeline strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds, and other short-term investments.

The following table reflects Cancer Lifeline's financial assets as of December 31, 2019 and 2018, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available include a board-designated general reserve fund that is intended to fund any cash needs or board initiatives and is not considered in the annual operating budget. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts available to meet general expenditures within one year also include net assets with donor restrictions, as the donor-restricted purposes are consistent with our general expenditures.

	2019	2018
Cash and cash equivalents	\$ 627,731	\$ 474,294
Pledges receivable	49,477	160,625
Investments	878,483	695,189
	1,555,691	1,330,108
Board-designated general reserves	(300,000)	(300,000)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 1,255,691	\$ 1,030,108

3. Investments

Management has elected to classify investments as non-current assets on the statements of financial position. Realized and unrealized gains and losses are reflected in the statements of activities. Investments consist of the following:

<i>December 31,</i>	2019	2018
Cash and money market funds	\$ 243,394	\$ 332,147
Certificates of deposits	10,002	9,942
Government agency bonds	155,338	143,040
Mortgage pools	2,198	2,482
Mutual funds:		
Foreign large blend	85,965	31,775
Small growth	68,347	32,390
Real estate	14,824	11,533
Domestic equities	194,247	93,962
Exchange-traded funds	104,168	37,918
	\$ 878,483	\$ 695,189

Cancer Lifeline

Notes to Financial Statements

4. Property and Equipment

Cancer Lifeline's property and equipment, consist of the following:

<i>December 31,</i>	2019		2018	
Buildings	\$	957,276	\$	957,276
Building improvements		260,468		224,407
Furniture and equipment		23,463		23,463
		1,241,207		1,205,146
Less: accumulated depreciation		(588,205)		(549,373)
		653,002		655,773
Land		111,600		111,600
	\$	764,602	\$	767,373
