

CANCER LIFELINE

Financial Statements
December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Cancer Lifeline
Seattle, Washington

We have audited the accompanying financial statements of Cancer Lifeline (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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, 2020, 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.

Amanda O'Rourke, CPA
Matt Smith, CPA



Prior Period Financial Statements

The financial statements of Cancer Lifeline as of December 31, 2019, were audited by other auditors whose report dated March 17, 2020, expressed an unmodified opinion on those statements.

Greenwood Ohlund

Seattle, Washington
March 15, 2021

CANCER LIFELINE

STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

ASSETS	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and cash equivalents	\$ 664,017	\$ 627,731
Contributions receivable	28,256	49,477
Accounts receivable	16,837	-
Prepaid expenses	<u>23,682</u>	<u>27,461</u>
Total current assets	732,792	704,669
Investments	1,146,273	878,483
Property and Equipment, net	<u>731,419</u>	<u>764,602</u>
Total assets	<u><u>\$ 2,610,484</u></u>	<u><u>\$ 2,347,754</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 32,078	\$ 18,286
Accrued wages and benefits	27,789	25,526
Deferred program service revenue	41,099	50,204
Current portion of Paycheck Protection Program loan	<u>70,465</u>	<u>-</u>
Total current liabilities	171,431	94,016
Paycheck Protection Program Loan, net of current portion	<u>46,035</u>	<u>-</u>
Total liabilities	217,466	94,016
Net Assets		
Without donor restrictions	1,875,544	1,811,043
With donor restrictions	<u>517,474</u>	<u>442,695</u>
Total net assets	<u>2,393,018</u>	<u>2,253,738</u>
Total liabilities and net assets	<u><u>\$ 2,610,484</u></u>	<u><u>\$ 2,347,754</u></u>

See accompanying notes to financial statements.

CANCER LIFELINE

STATEMENTS OF ACTIVITIES For the Year Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Contributions	\$ 255,355	\$ 2,000	\$ 257,355	\$ 224,893	\$ 127,000	\$ 351,893
Special events - revenue	235,051	495,316	730,367	325,557	422,287	747,844
Special events - direct benefit to donors	(30,095)	-	(30,095)	(58,227)	-	(58,227)
Program services	376,346	-	376,346	367,004	-	367,004
In-kind contributions - program services	34,900	-	34,900	27,675	-	27,675
Investment return	111,730	-	111,730	80,525	-	80,525
Other income	26,559	-	26,559	28,800	-	28,800
Net assets released from restrictions	422,537	(422,537)	-	422,054	(422,054)	-
Total public support and revenue	1,432,383	74,779	1,507,162	1,418,281	127,233	1,545,514
Expenses						
Program	984,234	-	984,234	957,192	-	957,192
General and administrative	107,793	-	107,793	106,482	-	106,482
Fundraising	275,855	-	275,855	302,078	-	302,078
Total expenses	1,367,882	-	1,367,882	1,365,752	-	1,365,752
Change in net assets	64,501	74,779	139,280	52,529	127,233	179,762
Net Assets, beginning of year	1,811,043	442,695	2,253,738	1,758,514	315,462	2,073,976
Net Assets, end of year	<u>\$ 1,875,544</u>	<u>\$ 517,474</u>	<u>\$ 2,393,018</u>	<u>\$ 1,811,043</u>	<u>\$ 442,695</u>	<u>\$ 2,253,738</u>

See accompanying notes to financial statements.

CANCER LIFELINE

STATEMENTS OF FUNCTIONAL EXPENSES For the Years Ended December 31, 2020 and 2019

	2020				2019			
	Program	General and Administrative	Fundraising	Total	Program	General and Administrative	Fundraising	Total
Salaries and related expenses	\$ 390,600	\$ 91,717	\$ 154,365	\$ 636,682	\$ 378,332	\$ 87,763	\$ 141,676	\$ 607,771
Direct financial aid	326,600	-	-	326,600	297,400			297,400
Professional fees - other	45,559	5,546	36,170	87,275	35,612	4,654	42,663	82,929
Professional fees - class instructors	75,895	-	-	75,895	77,080	-	-	77,080
Equipment, repairs, and maintenance	30,896	3,236	18,624	52,756	37,261	4,735	20,395	62,391
Depreciation	27,682	3,371	9,067	40,120	26,445	3,456	8,931	38,832
In-kind services	34,900	-	-	34,900	27,675	-	-	27,675
Membership dues, meetings, and events	1,183	54	30,430	31,667	1,197	-	88,550	89,747
Occupancy	17,925	2,182	5,871	25,978	22,232	2,905	7,509	32,646
Advertising	75	-	17,689	17,764	95	-	31,203	31,298
Printing and copying	5,391	2	11,418	16,811	11,334	90	8,128	19,552
Bank and credit card fees	2,449	-	9,952	12,401	1,131	-	540	1,671
Telephone and internet	6,098	728	1,958	8,784	6,026	772	2,028	8,826
Insurance	4,427	539	1,450	6,416	4,265	557	1,440	6,262
Postage and mailing	2,747	105	2,562	5,414	5,923	293	1,534	7,750
Supplies	2,639	182	652	3,473	8,355	696	2,512	11,563
Other	9,168	131	5,742	15,041	16,829	561	3,196	20,586
Total expenses	984,234	107,793	305,950	1,397,977	957,192	106,482	360,305	1,423,979
Less: direct benefit to donors	-	-	(30,095)	(30,095)	-	-	(58,227)	(58,227)
	<u>\$ 984,234</u>	<u>\$ 107,793</u>	<u>\$ 275,855</u>	<u>\$ 1,367,882</u>	<u>\$ 957,192</u>	<u>\$ 106,482</u>	<u>\$ 302,078</u>	<u>\$ 1,365,752</u>

See accompanying notes to financial statements.

CANCER LIFELINE

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 139,280	\$ 179,762
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	40,120	38,832
Realized and unrealized gains on investments	(100,253)	(65,432)
Changes in operating assets and liabilities		
Contributions receivable	21,221	111,148
Accounts receivable	(16,837)	-
Prepaid expenses	3,779	(4,428)
Accounts payable	13,792	4,347
Accrued wages and benefits	2,263	3,420
Deferred program service revenue	(9,105)	39,711
Net cash flows from operating activities	94,260	307,360
Cash Flows from Investing Activities		
Purchases of property and equipment	(6,937)	(36,061)
Purchases of investments	(217,377)	(578,192)
Proceeds from sales of investments	49,840	460,330
Net cash flows from investing activities	(174,474)	(153,923)
Cash Flows from Financing Activity		
Proceeds from Paycheck Protection Program loan	116,500	-
Net change in cash and cash equivalents	36,286	153,437
Cash and cash equivalents, beginning of the year	627,731	474,294
Cash and cash equivalents, end of the year	\$ 664,017	\$ 627,731

See accompanying notes to financial statements.

CANCER LIFELINE

NOTES TO FINANCIAL STATEMENTS

Note 1 – 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, and parents' groups.
- Group Support: Cancer Lifeline offers 24 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, 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.

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.

CANCER LIFELINE

NOTES TO FINANCIAL STATEMENTS

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. The Board of Directors has designated certain net assets without donor restrictions for the following purposes at December 31:

	<u>2020</u>	<u>2019</u>
Operating reserve	\$ 300,000	\$ 300,000
Opportunity reserve	<u>1,407,641</u>	<u>-</u>
	<u>\$ 1,707,641</u>	<u>\$ 300,000</u>

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 consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Direct financial aid	\$ 517,474	\$ 411,445
Direct financial aid (Komen Foundation)	<u>-</u>	<u>31,250</u>
	<u>\$ 517,474</u>	<u>\$ 442,695</u>

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.

Receivables

Accounts and contributions receivable represent the amount management expects to collect from outstanding balances. Contributions receivable are recognized in the year the unconditional pledge is made. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the receivable account. Management determined that no allowance against accounts and contributions receivable was necessary at December 31, 2020 or 2019.

CANCER LIFELINE

NOTES TO FINANCIAL STATEMENTS

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.

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. Buildings are depreciated over 40 years. Building improvements and furniture and equipment are depreciated over five to 30 years.

Revenue Recognition

Contributions - Cancer Lifeline recognizes contributions with or without donor restrictions when the unconditional gift is received or pledged.

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 and an evening gala.

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 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 the amount and timing of revenue.

Program service revenues paid in advance of the performance obligation being satisfied are recognized as deferred program service revenue.

CANCER LIFELINE

NOTES TO FINANCIAL STATEMENTS

In-kind Contributed Services

In-kind 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 \$34,900 and \$27,675 for the years ended December 31, 2020 and 2019, respectively.

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 related expenses, professional fees, equipment, repairs, and maintenance, and other 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.

Subsequent Events

Management of Cancer Lifeline has evaluated subsequent events through the date these financial statements were available to be issued, which was March 15, 2021.

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CANCER LIFELINE

NOTES TO FINANCIAL STATEMENTS

Note 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, 2020 and 2019, 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 funds that are 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.

	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash and cash equivalents	\$ 664,017	\$ 627,731
Contributions receivable	28,256	49,477
Accounts receivable	16,837	-
Investments	<u>1,146,273</u>	<u>878,483</u>
	1,855,383	1,555,691
Amounts Not Available to be Used Within One Year:		
Net assets with board designations for general reserves	(300,000)	(300,000)
Net assets with board designations for opportunity reserve fund	<u>(1,407,641)</u>	<u> </u>
	<u>\$ 147,742</u>	<u>\$ 1,255,691</u>

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CANCER LIFELINE

NOTES TO FINANCIAL STATEMENTS

Note 3 – Investments

Management has elected to classify investments as non-current assets on the statements of financial position. Investments consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Cash and money market funds	\$ 355,636	\$ 243,394
Certificates of deposit	31,053	10,002
Government agency bonds	114,665	155,338
Mortgage pools	1,818	2,198
Mutual funds:		
Foreign large blend	100,686	85,965
Small growth	97,103	68,347
Real estate	27,814	14,824
Domestic equities	332,583	194,247
Exchange-traded funds	84,915	104,168
	<u>\$ 1,146,273</u>	<u>\$ 878,483</u>

Note 4 – Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Buildings	\$ 957,276	\$ 957,276
Building improvements	267,405	260,468
Furniture and equipment	23,463	23,463
	1,248,144	1,241,207
Less: accumulated depreciation	<u>(628,325)</u>	<u>(588,205)</u>
	619,819	653,002
Land	111,600	111,600
	<u>\$ 731,419</u>	<u>\$ 764,602</u>

CANCER LIFELINE

NOTES TO FINANCIAL STATEMENTS

Note 5 – Paycheck Protection Program Loan

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on Cancer Lifeline's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, Cancer Lifeline is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity.

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." Included in the CARES Act was the Paycheck Protection Program (PPP) to provide loans to qualifying small businesses and not-for-profit organizations to cover certain eligible expenses. On April 12, 2020, Cancer Lifeline obtained a loan under the PPP with a principal balance of \$116,500 and an annual interest rate of 1%. Principal and interest are payable in monthly installments beginning 10 months after the last day of the covered period, on February 12, 2021 through the maturity date of the loan on April 12, 2022.

All or a portion of the PPP loan may be forgiven if certain terms and conditions of the program are met. To complete the loan forgiveness process management must submit a loan forgiveness application to the lender and then the lender and the Small Business Administration (SBA) must review and approve the application. A risk exists that the lender or the SBA may reject some or all of the requested forgiveness amount during the review process, in which case Cancer Lifeline will be required to repay the amount that is not forgiven. For the year ended December 31, 2020, management has not yet concluded that these conditions have been met (nor as the lender awarded forgiveness), and therefore, no amounts have been forgiven.

Future minimum principal payments on Cancer Lifeline's forgivable loan are as follows if the loan is not forgiven for the years ending December 31:

2021	\$	70,465
2022		46,035
	\$	<u>116,500</u>