

CANCER LIFELINE

Financial Statements
December 31, 2021 and 2020

Table of Contents

	Page
Independent Auditor's Report	1 and 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-11

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cancer Lifeline
Seattle, Washington

Opinion

We have audited the accompanying financial statements of Cancer Lifeline (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cancer Lifeline and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cancer Lifeline's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Amanda O'Rourke, CPA
Matt Smith, CPA
Claire Chow, CPA
Jason Mallon, CPA



In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Cancer Lifeline's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cancer Lifeline's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Greenwood Ohlund

Seattle, Washington
March 28, 2022

CANCER LIFELINE

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

ASSETS	2021	2020
Current Assets		
Cash and cash equivalents	\$ 628,933	\$ 664,017
Contributions receivable	10,500	28,256
Accounts receivable	22,582	16,837
Prepaid expenses	18,056	23,682
Total current assets	680,071	732,792
Investments	1,338,105	1,146,273
Property and Equipment, net	693,847	731,419
Total assets	<u>\$ 2,712,023</u>	<u>\$ 2,610,484</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 29,482	\$ 32,078
Accrued wages and benefits	26,680	27,789
Deferred program service revenue	13,543	41,099
Current portion of Paycheck Protection Program loan	-	70,465
Total current liabilities	69,705	171,431
Paycheck Protection Program Loan, net of current portion	-	46,035
Total liabilities	69,705	217,466
Net Assets		
Without donor restrictions	2,162,033	1,875,544
With donor restrictions	480,285	517,474
Total net assets	2,642,318	2,393,018
Total liabilities and net assets	<u>\$ 2,712,023</u>	<u>\$ 2,610,484</u>

See accompanying notes to financial statements.

CANCER LIFELINE

STATEMENTS OF ACTIVITIES For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Contributions	\$ 303,531	\$ 4,250	\$ 307,781	\$ 255,355	\$ 2,000	\$ 257,355
Special events - revenue	358,415	481,373	839,788	235,051	495,316	730,367
Special events - direct benefit to donors	(35,355)	-	(35,355)	(30,095)	-	(30,095)
Government grant revenue	116,500	-	116,500	-	-	-
Program services	294,144	-	294,144	376,346	-	376,346
In-kind contributions - program services	34,900	-	34,900	34,900	-	34,900
Investment return	119,905	-	119,905	111,730	-	111,730
Other income	29,462	-	29,462	26,559	-	26,559
Net assets released from restrictions	522,812	(522,812)	-	422,537	(422,537)	-
Total public support and revenue	1,744,314	(37,189)	1,707,125	1,432,383	74,779	1,507,162
Expenses						
Program	1,074,139	-	1,074,139	984,234	-	984,234
General and administrative	90,650	-	90,650	107,793	-	107,793
Fundraising	293,036	-	293,036	275,855	-	275,855
Total expenses	1,457,825	-	1,457,825	1,367,882	-	1,367,882
Change in net assets	286,489	(37,189)	249,300	64,501	74,779	139,280
Net Assets, beginning of year	1,875,544	517,474	2,393,018	1,811,043	442,695	2,253,738
Net Assets, end of year	<u>\$ 2,162,033</u>	<u>\$ 480,285</u>	<u>\$ 2,642,318</u>	<u>\$ 1,875,544</u>	<u>\$ 517,474</u>	<u>\$ 2,393,018</u>

See accompanying notes to financial statements.

CANCER LIFELINE

STATEMENTS OF FUNCTIONAL EXPENSES For the Years Ended December 31, 2021 and 2020

	2021				2020			
	Program	General and Administrative	Fundraising	Total	Program	General and Administrative	Fundraising	Total
Salaries and related expenses	\$ 380,968	\$ 78,159	\$ 160,559	\$ 619,686	\$ 390,600	\$ 91,717	\$ 154,365	\$ 636,682
Direct financial aid	450,400	-	-	450,400	326,600	-	-	326,600
Professional fees - class instructors	69,737	-	-	69,737	75,895	-	-	75,895
Professional fees - other	31,093	3,191	33,292	67,576	45,559	5,546	36,170	87,275
Information technology	32,227	2,828	29,504	64,559	30,896	3,236	18,624	52,756
Membership dues, meetings, and events	3,293	111	34,589	37,993	1,183	54	30,430	31,667
Depreciation	24,760	2,566	10,246	37,572	27,682	3,371	9,067	40,120
In-kind services	34,900	-	-	34,900	34,900	-	-	34,900
Occupancy	18,768	1,945	7,766	28,479	17,925	2,182	5,871	25,978
Advertising	-	-	17,659	17,659	75	-	17,689	17,764
Bank and credit card fees	2,949	106	11,685	14,740	2,449	-	9,952	12,401
Other	8,295	161	4,697	13,153	9,168	131	5,742	15,041
Printing and copying	729	5	10,277	11,011	5,391	2	11,418	16,811
Telephone and internet	5,757	584	2,333	8,674	6,098	728	1,958	8,784
Insurance	4,285	444	1,773	6,502	4,427	539	1,450	6,416
Supplies	4,063	377	1,917	6,357	2,639	182	652	3,473
Postage and mailing	1,915	173	2,094	4,182	2,747	105	2,562	5,414
Total expenses	1,074,139	90,650	328,391	1,493,180	984,234	107,793	305,950	1,397,977
Less: direct benefit to donors	-	-	(35,355)	(35,355)	-	-	(30,095)	(30,095)
	<u>\$ 1,074,139</u>	<u>\$ 90,650</u>	<u>\$ 293,036</u>	<u>\$ 1,457,825</u>	<u>\$ 984,234</u>	<u>\$ 107,793</u>	<u>\$ 275,855</u>	<u>\$ 1,367,882</u>

See accompanying notes to financial statements.

CANCER LIFELINE

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 249,300	\$ 139,280
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Forgiveness of Paycheck Protection Program loan	(116,500)	-
Depreciation	37,572	40,120
Realized and unrealized gains on investments	(99,469)	(100,253)
Changes in operating assets and liabilities		
Contributions receivable	17,756	21,221
Accounts receivable	(5,745)	(16,837)
Prepaid expenses	5,626	3,779
Accounts payable	(2,596)	13,792
Accrued wages and benefits	(1,109)	2,263
Deferred program service revenue	(27,556)	(9,105)
Net cash flows from operating activities	57,279	94,260
Cash Flows from Investing Activities		
Purchases of property and equipment	-	(6,937)
Purchases of investments	(92,363)	(217,377)
Proceeds from sales of investments	-	49,840
Net cash flows from investing activities	(92,363)	(174,474)
Cash Flows from Financing Activity		
Proceeds from Paycheck Protection Program loan	-	116,500
Net change in cash and cash equivalents	(35,084)	36,286
Cash and Cash Equivalents, beginning of the year	664,017	627,731
Cash and Cash Equivalents, end of the year	\$ 628,933	\$ 664,017

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 childcare. 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:

	2021	2020
Opportunity reserve	\$ 1,132,013	\$ 1,407,641
Operating reserve	300,000	300,000
Patient Financial Aid Fund (PFAF)	50,000	-
Building and Capital Asset Reserve	5,000	-
	<u>\$ 1,487,013</u>	<u>\$ 1,707,641</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 solely of amounts held for direct financial aid at December 31, 2021 and 2020.

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, 2021 or 2020.

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

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

	2021	2020
Cash and money market funds	\$ 108,559	\$ 355,636
Certificates of deposit	105,946	31,053
Government agency bonds	34,725	114,665
Mortgage pools	91,198	1,818
Mutual funds:		
Foreign large blend	101,142	100,686
Small growth	1,353	97,103
Real estate	525,668	27,814
Domestic equities	30,493	332,583
Exchange-traded funds	339,021	84,915
	<u>\$ 1,338,105</u>	<u>\$ 1,146,273</u>

Investment return 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.

Property and equipment consist of the following at December 31:

	2021	2020
Buildings	\$ 957,276	\$ 957,276
Building improvements	267,405	267,405
Furniture and equipment	23,463	23,463
	1,248,144	1,248,144
Less: accumulated depreciation	<u>(665,897)</u>	<u>(628,325)</u>
	582,247	619,819
Land	<u>111,600</u>	<u>111,600</u>
	<u>\$ 693,847</u>	<u>\$ 731,419</u>

CANCER LIFELINE

NOTES TO FINANCIAL STATEMENTS

Revenue Recognition

Contributions and Government Grants - Cancer Lifeline recognizes contributions and government grant revenue with or without donor restrictions when the unconditional gift is received or pledged.

During the year ended December 31, 2020, the Organization received a Paycheck Protection Program loan from the Small Business Administration of \$116,500. This loan included forgivable conditions which were met during the year ended December 31, 2021 and, therefore, the loan amount was recognized to government grant revenue.

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 (a contract liability). Contract liabilities at December 31, 2019, recognized to program fees revenue during the year ended December 31, 2020 totaled \$50,204. Contract liabilities at December 31, 2020, recognized to program fees revenue during the year ended December 31, 2020 totaled \$41,099.

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 for both the years ended December 31, 2021 and 2020.

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, information technology, and other which are allocated on the basis of estimates of time and effort.

CANCER LIFELINE

NOTES TO FINANCIAL STATEMENTS

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 28, 2022.

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, 2021 and 2020, 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 general expenditures.

	2021	2020
Financial Assets:		
Cash and cash equivalents	\$ 628,933	\$ 664,017
Contributions receivable	10,500	28,256
Accounts receivable	22,582	16,837
Investments	1,338,105	1,146,273
	2,000,120	1,855,383
Amounts Not Available to be Used Within One Year:		
Net assets with board designations	(1,487,013)	(1,707,641)
	<u>\$ 513,107</u>	<u>\$ 147,742</u>