

CANCER LIFELINE

Financial Statements
December 31, 2022 and 2021

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

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Matt Smith, CPA
Claire Chow, CPA
Jason Mallon, CPA
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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, 2022 and 2021, 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, 2022 and 2021, 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.

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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 27, 2023

CANCER LIFELINE

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

ASSETS	2022	2021
Current Assets		
Cash and cash equivalents	\$ 618,581	\$ 628,933
Contributions receivable	46,000	10,500
Accounts receivable	10,205	22,582
Prepaid expenses	12,518	18,056
Total current assets	687,304	680,071
Investments	1,077,307	1,338,105
Property and Equipment, net	656,614	693,847
Total assets	<u>\$ 2,421,225</u>	<u>\$ 2,712,023</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 31,731	\$ 29,482
Accrued wages and benefits	29,522	26,680
Deferred program service revenue	60,341	13,543
Total current liabilities	121,594	69,705
Net Assets		
Without donor restrictions	1,813,582	2,162,033
With donor restrictions	486,049	480,285
Total net assets	<u>2,299,631</u>	<u>2,642,318</u>
Total liabilities and net assets	<u>\$ 2,421,225</u>	<u>\$ 2,712,023</u>

See accompanying notes to financial statements.

CANCER LIFELINE

STATEMENTS OF ACTIVITIES For the Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Contributions	\$ 358,156	\$ 10,764	\$ 368,920	\$ 303,531	\$ 4,250	\$ 307,781
Special events - revenue	342,597	487,984	830,581	358,415	481,373	839,788
Special events - direct benefit to donors	(46,308)	-	(46,308)	(35,355)	-	(35,355)
Government grant revenue	-	-	-	116,500	-	116,500
Program services	291,457	-	291,457	294,144	-	294,144
In-kind contributions - program services	33,600	-	33,600	34,900	-	34,900
Investment return	(167,066)	-	(167,066)	119,905	-	119,905
Other income	29,483	-	29,483	29,462	-	29,462
Net assets released from restrictions	492,984	(492,984)	-	522,812	(522,812)	-
Total support and revenue	1,334,903	5,764	1,340,667	1,744,314	(37,189)	1,707,125
Expenses						
Program	1,240,626	-	1,240,626	1,074,139	-	1,074,139
General and administrative	168,013	-	168,013	90,650	-	90,650
Fundraising	274,715	-	274,715	293,036	-	293,036
Total expenses	1,683,354	-	1,683,354	1,457,825	-	1,457,825
Change in net assets	(348,451)	5,764	(342,687)	286,489	(37,189)	249,300
Net Assets, beginning of year	2,162,033	480,285	2,642,318	1,875,544	517,474	2,393,018
Net Assets, end of year	<u>\$ 1,813,582</u>	<u>\$ 486,049</u>	<u>\$ 2,299,631</u>	<u>\$ 2,162,033</u>	<u>\$ 480,285</u>	<u>\$ 2,642,318</u>

See accompanying notes to financial statements.

CANCER LIFELINE

STATEMENTS OF FUNCTIONAL EXPENSES For the Years Ended December 31, 2022 and 2021

	2022				2021			
	Program	General and Administrative	Fundraising	Total	Program	General and Administrative	Fundraising	Total
Salaries and related expenses	\$ 441,790	\$ 122,153	\$ 135,227	\$ 699,170	\$ 380,968	\$ 78,159	\$ 160,559	\$ 619,686
Direct financial aid	451,800	-	-	451,800	450,400	-	-	450,400
Professional fees - class instructors	148,050	-	-	148,050	69,737	-	-	69,737
Professional fees - other	26,285	9,162	61,117	96,564	31,093	3,191	33,292	67,576
Occupancy	44,912	15,655	15,883	76,450	18,768	1,945	7,766	28,479
Information technology	36,826	8,118	23,642	68,586	32,227	2,828	29,504	64,559
Membership dues, meetings, and events	10,253	373	38,752	49,378	3,293	111	34,589	37,993
Depreciation	22,005	7,670	7,558	37,233	24,760	2,566	10,246	37,572
In-kind services	33,600	-	-	33,600	34,900	-	-	34,900
Advertising	-	-	12,825	12,825	-	-	17,659	17,659
Bank and credit card fees	1,049	(14)	10,962	11,997	2,949	106	11,685	14,740
Other	8,336	640	1,464	10,440	8,295	161	4,697	13,153
Printing and copying	2,187	95	7,945	10,227	729	5	10,277	11,011
Telephone and internet	5,459	1,857	1,830	9,146	5,757	584	2,333	8,674
Insurance	4,129	1,376	1,356	6,861	4,285	444	1,773	6,502
Postage and mailing	1,722	505	1,711	3,938	1,915	173	2,094	4,182
Supplies	2,223	423	751	3,397	4,063	377	1,917	6,357
Total expenses	1,240,626	168,013	321,023	1,729,662	1,074,139	90,650	328,391	1,493,180
Less: direct benefit to donors	-	-	(46,308)	(46,308)	-	-	(35,355)	(35,355)
	<u>\$ 1,240,626</u>	<u>\$ 168,013</u>	<u>\$ 274,715</u>	<u>\$ 1,683,354</u>	<u>\$ 1,074,139</u>	<u>\$ 90,650</u>	<u>\$ 293,036</u>	<u>\$ 1,457,825</u>

See accompanying notes to financial statements.

CANCER LIFELINE

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ (342,687)	\$ 249,300
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Forgiveness of Paycheck Protection Program loan	-	(116,500)
Depreciation	37,233	37,572
Realized and unrealized (gains) losses on investments	178,830	(99,469)
Changes in operating assets and liabilities		
Contributions receivable	(35,500)	17,756
Accounts receivable	12,377	(5,745)
Prepaid expenses	5,538	5,626
Accounts payable	2,249	(2,596)
Accrued wages and benefits	2,842	(1,109)
Deferred program service revenue	46,798	(27,556)
Net cash flows from operating activities	(92,320)	57,279
Cash Flows from Investing Activities		
Purchases of investments	(383,032)	(92,363)
Proceeds from sales of investments	465,000	-
Net cash flows from investing activities	81,968	(92,363)
Net change in cash and cash equivalents	(10,352)	(35,084)
Cash and Cash Equivalents, beginning of the year	628,933	664,017
Cash and Cash Equivalents, end of the year	<u>\$ 618,581</u>	<u>\$ 628,933</u>

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 Emotional Support: This program activity includes the Lifeline, family meetings, parents' groups and mental health counseling.
- Group Support: Cancer Lifeline offers 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:

	2022	2021
Opportunity reserve	\$ 839,026	\$ 1,132,013
Operating reserve	302,766	300,000
Building and Capital Asset Reserve	57,595	5,000
Patient Financial Aid Fund (PFAF)	-	50,000
	<u>\$ 1,199,387</u>	<u>\$ 1,487,013</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, 2022 and 2021.

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, 2022 or 2021.

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:

	2022	2021
Cash and money market funds	\$ 403,915	\$ 339,021
Certificates of deposit	29,949	30,493
Government agency bonds	133,356	101,142
Mortgage pools	976	1,353
Mutual funds:		
Foreign large blend	89,785	108,559
Small growth	86,207	105,946
Real estate	26,228	34,725
Domestic equities	240,182	525,668
Exchange-traded funds	66,709	91,198
	<u>\$ 1,077,307</u>	<u>\$ 1,338,105</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:

	2022	2021
Buildings	\$ 957,276	\$ 957,276
Building improvements	267,405	267,405
Furniture and equipment	23,463	23,463
	<u>1,248,144</u>	<u>1,248,144</u>
Less: accumulated depreciation	<u>(703,130)</u>	<u>(665,897)</u>
	545,014	582,247
Land	<u>111,600</u>	<u>111,600</u>
	<u>\$ 656,614</u>	<u>\$ 693,847</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, 2020, recognized to program fees revenue during the year ended December 31, 2021 totaled \$41,099. Contract liabilities at December 31, 2021, recognized to program fees revenue during the year ended December 31, 2022 totaled \$13,543.

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 \$33,600 and \$34,900 for the years ended December 31, 2022 and 2021, 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, 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.

Reclassifications

Certain prior year balances have been reclassified in order to conform to the current year presentation.

Subsequent Events

Management of Cancer Lifeline has evaluated subsequent events through the date these financial statements were available to be issued, which was March 27, 2023.

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, 2022 and 2021, 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 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.

	2022	2021
Financial Assets:		
Cash and cash equivalents	\$ 618,581	\$ 628,933
Contributions receivable	46,000	10,500
Accounts receivable	10,205	22,582
Investments	1,077,307	1,338,105
	1,752,093	2,000,120
Amounts Not Available to be Used Within One Year:		
Net assets with board designations	(1,199,387)	(1,487,013)
	<u>\$ 552,706</u>	<u>\$ 513,107</u>