

CANCER LIFELINE

Financial Statements
December 31, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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 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 26, 2024

CANCER LIFELINE

STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

ASSETS	2023	2022
Current Assets		
Cash and cash equivalents	\$ 676,466	\$ 618,581
Contributions receivable	-	46,000
Accounts receivable	15,292	10,205
Prepaid expenses	18,335	12,518
Total current assets	710,093	687,304
Investments	1,169,826	1,077,307
Property and Equipment, net	619,995	656,614
Total assets	<u>\$ 2,499,914</u>	<u>\$ 2,421,225</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 21,514	\$ 31,731
Accrued wages and benefits	37,222	29,522
Deferred program service revenue	14,614	60,341
Total current liabilities	73,350	121,594
Net Assets		
Without donor restrictions	1,918,419	1,813,582
With donor restrictions	508,145	486,049
Total net assets	<u>2,426,564</u>	<u>2,299,631</u>
Total liabilities and net assets	<u>\$ 2,499,914</u>	<u>\$ 2,421,225</u>

See accompanying notes to financial statements.

CANCER LIFELINE

STATEMENTS OF ACTIVITIES For the Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Contributions	\$ 452,889	\$ 47,500	\$ 500,389	\$ 358,156	\$ 10,764	\$ 368,920
Special events - revenue	374,197	532,030	906,227	342,597	487,984	830,581
Special events - direct benefit to donors	(57,203)	-	(57,203)	(46,308)	-	(46,308)
Program services	297,121	-	297,121	291,457	-	291,457
In-kind contributions - program services	30,600	-	30,600	33,600	-	33,600
Investment return	117,863	-	117,863	(167,066)	-	(167,066)
Other income	38,584	-	38,584	29,483	-	29,483
Net assets released from restrictions	557,434	(557,434)	-	492,984	(492,984)	-
Total support and revenue	1,811,485	22,096	1,833,581	1,334,903	5,764	1,340,667
Expenses						
Program	1,271,386	-	1,271,386	1,240,626	-	1,240,626
General and administrative	148,451	-	148,451	168,013	-	168,013
Fundraising	286,811	-	286,811	274,715	-	274,715
Total expenses	1,706,648	-	1,706,648	1,683,354	-	1,683,354
Change in net assets	104,837	22,096	126,933	(348,451)	5,764	(342,687)
Net Assets, beginning of year	1,813,582	486,049	2,299,631	2,162,033	480,285	2,642,318
Net Assets, end of year	<u>\$ 1,918,419</u>	<u>\$ 508,145</u>	<u>\$ 2,426,564</u>	<u>\$ 1,813,582</u>	<u>\$ 486,049</u>	<u>\$ 2,299,631</u>

See accompanying notes to financial statements.

CANCER LIFELINE

STATEMENTS OF FUNCTIONAL EXPENSES For the Years Ended December 31, 2023 and 2022

	2023				2022			
	Program	General and Administrative	Fundraising	Total	Program	General and Administrative	Fundraising	Total
Salaries and related expenses	\$ 443,025	\$ 124,935	\$ 167,962	\$ 735,922	\$ 441,790	\$ 122,153	\$ 135,227	\$ 699,170
Direct financial aid	472,050	-	-	472,050	451,800	-	-	451,800
Professional fees - class instructors	168,034	-	-	168,034	148,050	-	-	148,050
Professional fees - other	32,775	6,393	64,349	103,517	26,285	9,162	61,117	96,564
Information technology	34,431	4,076	24,870	63,377	36,826	8,118	23,642	68,586
Membership dues, meetings, and events	16,171	384	44,633	61,188	10,253	373	38,752	49,378
Depreciation	23,899	4,661	8,055	36,615	22,005	7,670	7,558	37,233
Occupancy	22,200	4,330	7,483	34,013	44,912	15,655	15,883	76,450
In-kind services	30,600	-	-	30,600	33,600	-	-	33,600
Telephone and internet	7,711	1,476	2,551	11,738	5,459	1,857	1,830	9,146
Other	8,061	503	2,607	11,171	8,336	640	1,464	10,440
Bank and credit card fees	924	(195)	9,390	10,119	1,049	(14)	10,962	11,997
Printing and copying	1,070	113	5,579	6,762	2,187	95	7,945	10,227
Insurance	4,395	857	1,481	6,733	4,129	1,376	1,356	6,861
Supplies	3,872	552	1,330	5,754	2,223	423	751	3,397
Postage and mailing	2,168	366	869	3,403	1,722	505	1,711	3,938
Advertising	-	-	2,855	2,855	-	-	12,825	12,825
Total expenses	1,271,386	148,451	344,014	1,763,851	1,240,626	168,013	321,023	1,729,662
Less: direct benefit to donors	-	-	(57,203)	(57,203)	-	-	(46,308)	(46,308)
	<u>\$ 1,271,386</u>	<u>\$ 148,451</u>	<u>\$ 286,811</u>	<u>\$ 1,706,648</u>	<u>\$ 1,240,626</u>	<u>\$ 168,013</u>	<u>\$ 274,715</u>	<u>\$ 1,683,354</u>

See accompanying notes to financial statements.

CANCER LIFELINE

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 126,933	\$ (342,687)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	36,615	37,233
Realized and unrealized (gains) losses on investments	(92,781)	178,830
Changes in operating assets and liabilities		
Contributions receivable	46,000	(35,500)
Accounts receivable	(5,087)	12,377
Prepaid expenses	(5,813)	5,538
Accounts payable	(10,217)	2,249
Accrued wages and benefits	7,700	2,842
Deferred program service revenue	(45,727)	46,798
	57,623	(92,320)
Net cash flows from operating activities	57,623	(92,320)
Cash Flows from Investing Activities		
Purchases of investments	(34,738)	(383,032)
Proceeds from sales of investments	35,000	465,000
	262	81,968
Net cash flows from investing activities	262	81,968
Net change in cash and cash equivalents	57,885	(10,352)
Cash and Cash Equivalents, beginning of the year	618,581	628,933
Cash and Cash Equivalents, end of the year	\$ 676,466	\$ 618,581

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:

	<u>2023</u>	<u>2022</u>
Opportunity reserve	\$ 957,284	\$ 839,028
Operating reserve	317,409	302,766
Building and capital asset reserve	<u>63,455</u>	<u>57,595</u>
	<u>\$ 1,338,148</u>	<u>\$ 1,199,389</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 are as follows at December 31:

	<u>2023</u>	<u>2022</u>
Cancer Lifeline Patient Assistance Fund (CLPAF)	\$ 485,645	\$ 486,049
Future periods	<u>22,500</u>	<u>-</u>
	<u>\$ 508,145</u>	<u>\$ 486,049</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, 2023 or 2022.

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.

Management has elected to classify investments as non-current assets on the statements of financial position as they are intended to be held for long-term purposes. Investments consist of the following at December 31:

	2023	2022
Cash and money market funds	\$ 416,050	\$ 403,915
Certificates of deposit	35,161	29,949
Government agency bonds	129,560	133,356
Mortgage pools	876	976
Mutual funds:		
Foreign large blend	103,638	89,785
Small growth	98,425	86,207
Real estate	28,611	26,228
Domestic equities	278,222	240,182
Exchange-traded funds	79,283	66,709
	<u>\$ 1,169,826</u>	<u>\$ 1,077,307</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.

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CANCER LIFELINE

NOTES TO FINANCIAL STATEMENTS

Property and equipment consist of the following at December 31:

	2023	2022
Buildings	\$ 957,276	\$ 957,276
Building improvements	267,405	267,405
Furniture and equipment	13,098	23,463
	1,237,779	1,248,144
Less: accumulated depreciation	(729,384)	(703,130)
	508,395	545,014
Land	111,600	111,600
	<u>\$ 619,995</u>	<u>\$ 656,614</u>

Revenue Recognition

Contributions - Cancer Lifeline recognizes contribution revenue 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 (a contract liability). Contract liabilities at December 31, 2021, recognized to program fees revenue during the year ended December 31, 2022 totaled \$13,543. Contract liabilities at December 31, 2022, recognized to program fees revenue during the year ended December 31, 2023 totaled \$60,341.

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 \$30,600 and \$33,600 for the years ended December 31, 2023 and 2022, 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 related expenses, professional fees, information technology, 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 26, 2024.

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, 2023 and 2022, 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.

	<u>2023</u>	<u>2022</u>
Financial Assets:		
Cash and cash equivalents	\$ 676,466	\$ 618,581
Contributions receivable	-	46,000
Accounts receivable	15,292	10,205
Investments	1,169,826	1,077,307
	<u>1,861,584</u>	<u>1,752,093</u>
Amounts Not Available to be Used Within One Year:		
Net assets with board designations	<u>(1,338,148)</u>	<u>(1,199,389)</u>
	<u>\$ 523,436</u>	<u>\$ 552,704</u>