Cancer Support Community

Financial Statements

December 31, 2011

(with Independent Auditors' Report)

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Cancer Support Community:

We have audited the accompanying statement of financial position of the Cancer Support Community ("CSC") (a not-for-profit organization) as of December 31, 2011 and the related statements of activities, functional expenses and cash flows for the 18-months period ended July 1, 2010 to December 31, 2011. These financial statements are the responsibility of CSC's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cancer Support Community as of December 31, 2011 and the changes in its net assets and its cash flows for the 18-months period ended July 1, 2010 to December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 10, 2012

Cancer Support Community
Statement of Financial Position
December 31, 2011

Assets		
Cash and cash equivalents	$	5,889,750
Grants receivable		242,953
Accounts receivable		181,005
Contributions receivable		134,702
Prepaid expenses		103,209
Inventory		2,383
Property and equipment - net		1,306,379
Deposits		51,557
Total assets	$	7,911,938
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$	237,664
Accrued expenses		101,869
Due to affiliates		125
Line of credit		180,211
Other liabilities		29,289
Total liabilities		549,158
Net assets:		
Unrestricted		3,221,953
Temporarily restricted		4,130,827
Permanently restricted		10,000
Total net assets		7,362,780
Total liabilities and net assets	$	7,911,938

See accompanying notes to the financial statements

Cancer Support Community
Statement of Activities
18-Months Period Ended July 1, 2010 to December 31, 2011

		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and other support:					
Development income	$	491,307	-	-	491,307
Interest income		28,826	-	-	28,826
Service delivery					
Program		468,948	599,662	-	1,068,610
Research and training		835,433	566,946	-	1,402,379
Events and special initiatives		1,207,850	492,976	-	1,700,826
Less direct expenses		(642,364)	-	-	(642,364)
ePresence		85,000	-	-	85,000
Education/Outreach		760,527	1,121,736	-	1,882,263
Policy/Advocacy		98,752	146,248	-	245,000
Special purpose funds		641,076	88,308	-	729,384
Affiliate activities		569,783	-	-	569,783
Fee income		1,704	-	-	1,704
In-kind revenue		194,640	-	-	194,640
Miscellaneous income		538	-	-	538
Excess of fair value of assets acquired in acquisition (Note 10)		86,795	-	-	86,795
Net assets released from restriction		4,736,799	(4,736,799)	-	-
Total revenues and support		9,565,614	(1,720,923)	-	7,844,691
Expenses:					
Program services		5,993,423	-	-	5,993,423
Management and general		850,911	-	-	850,911
Fundraising		682,148	-	-	682,148
Total expenses		7,526,482	-	-	7,526,482
Change in net assets		2,039,132	(1,720,923)	-	318,209
Net assets at beginning of year - restated		1,182,821	5,851,750	10,000	7,044,571
Net assets at end of year	$	3,221,953	4,130,827	10,000	7,362,780

See accompanying notes to the financial statements

Cancer Support Community
Statement of Functional Expenses
18-Months Period Ended July 1, 2010 to December 31, 2011

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Salaries and related expenses:				
Salaries	$ 1,770,380	338,675	424,040	2,533,095
Payroll taxes and employee benefits	206,505	39,505	49,462	295,472
Total salaries and related expenses	1,976,885	378,180	473,502	2,828,567
Other expenses:				
Administration	178,390	48,259	25,821	252,470
Grant expenses	806,096	-	-	806,096
Conferences and meetings	28,525	30,778	-	59,303
Consulting	618,021	88,074	31,911	738,006
Research and development	808,383	-	-	808,383
Dues and subscriptions	14,591	3,165	2,112	19,868
Equipment rental	10,918	2,368	1,580	14,866
Liability insurance	22,637	4,910	3,277	30,824
Travel	135,961	44,616	30,414	210,991
Marketing and recruiting	28,900	8,261	-	37,161
Postage and delivery	77,550	23,636	1,177	102,363
Printing and publications	434,019	1,114	3,843	438,976
Affiliate	32,918	-	-	32,918
Occupancy	424,665	92,115	61,467	578,247
Miscellaneous	157,111	34,079	22,741	213,931
In-kind expenses	102,897	50,312	5,706	158,915
CSC on-line	52,530	5,969	1,194	59,693
Total other expenses	3,934,112	437,656	191,243	4,563,011
Total expenses before depreciation	5,910,997	815,836	664,745	7,391,578
Depreciation	82,426	35,075	17,403	134,904
Total expenses	$ 5,993,423	850,911	682,148	7,526,482

See accompanying notes to the financial statements

Cancer Support Community
Statement of Cash Flows
18-Months Period Ended July 1, 2010 to December 31, 2011

Cash flows from operating activities:		
Change in net assets	$	318,209
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Uncollectible contribution receivable written off		14,500
Donated property and equipment		35,725
Depreciation and amortization		134,904
Effects of change in operating assets and liabilities:		
Grants receivable		(242,953)
Accounts receivable		517,062
Contributions receivable		(44,145)
Prepaid expenses		(64,817)
Inventory		(341)
Deposits		(39,917)
Accounts payable		42,828
Accrued expenses		(2,330)
Due to affiliates		125
Other liabilities		29,289
Net cash provided by operating activities		698,139
Cash flows from investing activities:		
Acquisition of property and equipment		(1,034,919)
Change in cash and cash equivalents		(336,780)
Cash and cash equivalents - beginning of year		6,226,530
Cash and cash equivalents - end of year	$	5,889,750
Supplemental disclosures:		
Acquisition of property and equipment with line of credit draws	$	180,211
Interest paid	$	5,148

See accompanying notes to the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of CSC are set forth to facilitate the understanding of data presented in the financial statements.

Nature of operations
The Cancer Support Community ("CSC") is an international not-for-profit organization that provides support, education and hope to people with cancer and those who care for them. By offering free professionally-led support groups, educational workshops, nutrition and exercise programs, and stress-reduction classes, CSC empowers individuals affected by cancer through the learning of vital skills that enable them to regain control, reduce isolation and enhance quality of life. CSC also collaborates with academic and health care partners to conduct evidence-based research and provide training in the field of psychosocial oncology with the goal of improving outcomes and quality of life for cancer patients, cancer survivors, and the individuals who care for them. During 2011, CSC acquired Gilda's Club Worldwide (a related not-for-profit organization – Note 10) to provide high-quality psychological and social support through a network of more than 50 local affiliates, more than 100 satellite locations and online at www.cancersupportcommunity.org.

CSC represents the voice of the CSC's affiliate network in national and international forums, congresses and meetings, and builds collaborations with national patient groups and professional organizations to broaden the reach and increase the visibility of CSC's service delivery model.

CSC issues a license to each local CSC affiliate allowing for the use of CSC brand, standardized programs, training and operational principles. CSC also provides support to the local affiliates through activities that include public relations and marketing, clinical program oversight, standardized educational materials and programs, and fundraising. In addition, CSC coordinates and operates professionally-facilitated online support groups on its website and provides resources such as educational materials, audio cassettes, CDs and brochures for people affected by cancer.

Individual gifts, corporate and foundation contributions, and educational grants are the major sources of support for CSC.

Use of estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial statement presentation
CSC reports information regarding its financial position and activities in three classes of net assets: unrestricted net assets which have no donor-imposed restrictions; temporarily restricted net assets which have donor-imposed restrictions that will likely expire in the future; and permanently restricted net assets which have donor-imposed restrictions which do not expire.

Contributions
Contributions of cash and other assets without donor stipulations concerning the use of such assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used in accordance with donor stipulations are reported as revenues of the temporarily or permanently restricted net asset classes. Contributions are reported as development income on the statement of activities.

The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires and at that time the related resources are reclassified to unrestricted net assets. A restriction expires when the stipulated time period has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Income taxes
For Federal tax purposes, CSC is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. In addition, CSC has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. CSC has no unrelated activities which would generate unrelated business income tax.

Accounting for uncertainty in income taxes
The Financial Accounting Standards Board ("FASB") has issued guidance which clarifies generally accepted accounting principles for recognition, measurement, presentation and disclosure relating to uncertain tax positions. This guidance clarifies the accounting and recognition for income tax positions taken or expected to be taken in CSC's income tax returns. CSC's income tax filings are subject to audit by various taxing authorities. The fiscal years of filings open to these authorities and available for audit are 2008, 2009 and 2010. CSC's policy with regards to interest and penalties is to recognize interest through interest expense and penalties through other expense. In evaluating CSC's tax provision and tax exempt status, interpretations and tax planning strategies were considered. CSC believes their estimates are appropriate based on the current facts and circumstances.

Cash and cash equivalents
For purposes of the statement of cash flows, CSC considers all highly liquid investments with initial maturities of three months or less to be cash equivalents.

CSC maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. CSC has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash.

Allowance for doubtful accounts
CSC carries its accounts and grants receivable at cost less an allowance for doubtful accounts. On a periodic basis, CSC evaluates its accounts and grants receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions. CSC carries its contributions receivable at their net present value. CSC evaluates the collectability of its contributions receivable on an annual basis and writes-off contributions receivable as deemed necessary. No allowance for doubtful accounts is deemed necessary as of December 31, 2011.

Inventory
Inventory is stated at lower of cost or market with cost determined on an average cost basis. Inventory consists primarily of education materials.

Property and equipment
Property and equipment is stated at cost or fair value, if donated. CSC capitalizes assets with a cost or fair value of at least $500. Depreciation is computed using the straight-line method over three, five, seven and twenty year lives.

In-kind contributions
CSC records in-kind services as revenue in the financial statements at their estimated fair value. In-kind services are not recorded if no objective basis is available to measure the value received by CSC. During 2011, CSC received in-kind contributions for services of $158,915 and in-kind contributions of capital assets of $35,725. These assets have been capitalized in accordance with CSC's capitalization policy.

Functional allocation of expenses
The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. All fundraising costs are charge to fundraising; there are no joint costs.

Subsequent events
CSC evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through April 10, 2012, the date on which the financial statements were available to be issued.

Change of fiscal year
CSC changed its fiscal year-end from June 30 to December 31 for the current financial period ended December 31, 2011. The financial statements for the current financial period consist of the 18-months period ended July 1, 2010 to December 31, 2011.

2. CONTRIBUTIONS RECEIVABLE:

CSC received unconditional promises to give which have been recorded at their net present value using a discount rate of 0.89%. The following summarizes these contributions receivable at December 31:

Amounts due in:	
Less than one year	$ 65,491
One to five years	70,000
Total	135,491
Unamortized discount	789
Contributions receivable - net	$ 134,702

3. PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following at December 31:

Leasehold improvements	$ 1,088,482
Office furniture and equipment	207,612
Software	448,314
Construction-in-progress	48,149
	1,792,557
Less accumulated depreciation	(486,178)
	$ 1,306,379

4. LINE OF CREDIT:

CSC has established a line of credit with a development corporation for the construction of the Research and Training Institute in the amount of $500,000, secured by personal property and due on June 30, 2012. Interest is payable at LIBOR plus 3.30% (3.595% at December 31, 2011). $180,211 was drawn against this line as of December 31, 2011.

CSC has established two other lines of credit with two banks for $100,000 and $350,000, both secured by a certificate of deposit pledged to the bank. Interest is payable at the rate of 3.25% and 2.75% at December 31, 2011, respectively. The $100,000 line is due on demand and the $350,000 line is due in January 2013. No amounts were drawn against these lines as of December 31, 2011.

5. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for the period after December 31 for the following purposes:

Policy/Advocacy	$ 142,516
Lee Denim Day	25,305
Breakaway From Cancer	228,669
Sponsorships	223,402
CSC Online	66,424
Online Support Groups	80,470
Digital Media and Social Network	74,000
Group Loop	31,481
Humor Project	45,000
National Call Center	209,760
Frankly Speaking About Cancer Programs	1,158,943
Caregiver Program	79,305
iPhone App	23,942
Children and Teens with Cancer	75,295
Cancer Transitions	168,429
Lung Cancer Webinar	23,220
Oral Therapy Compliance	30,199
Right Action for Women	58,100
Education	368,947
MAP Project/Breast Cancer Index	293,128
Treatment Decision Call Center	129,945
Decision Support	72,074
Screening Demonstration	141,799
Research and Training Institute	95,306
Open to Options Doctor Patient Communication	79,835
Other Programs	70,631
Future periods	134,702
	$ 4,130,827

During the period July 1, 2010 to December 31, 2011, net assets released from restrictions were $4,736,799.

6. PERMANENTLY RESTRICTED NET ASSETS:

Permanently restricted net assets as of December 31, 2011 consist of $10,000 for CSC's future growth.

7. RELATED PARTIES:

CSC received fees from local affiliates in the amount of $569,783 during the period from July 1, 2010 to December 31, 2011. Expenditures related to these local affiliates totaled $32,918 during the period from July 1, 2010 to December 31, 2011. At December 31, 2011, CSC had amounts due to affiliates of $125 and amounts due from affiliates (included in accounts receivable) of $31,295.

8. LEASES:

CSC leases office space under a non-cancelable operating lease that expires December 2014. CSC also leases two office spaces under non-cancelable operating leases that expire April 2015 and October 2033, respectively. Future minimum lease payments under all three of these agreements at December 31, 2011 are as follows:

2012	$ 292,021
2013	304,681
2014	312,400
2015	60,339
2016	42,000
Thereafter	887,741
	$ 1,899,182

CSC leases office equipment under non-cancelable operating leases that expire in various years through 2014. Future minimum lease payments under these agreements at December 31, 2011 are as follows:

2012	$ 2,661
2013	1,608
2014	1,340
	$ 5,609

Total rent expense was $447,622 for the period from July 1, 2010 to December 31, 2011.

9. RESTATEMENT OF BEGINNING NET ASSETS:

During the prior year, CSC began the design phase of the Research and Training Institute located in the State of Pennsylvania. During this period, CSC incurred certain design and pre-construction costs that were expensed instead of being capitalized with the final construction costs incurred in the current period. CSC determined that these costs related to the project and thus decided to fully capitalize these expenditures in the current period. The Research and Training Institute was completed as of September 1, 2011 at which point in time all capitalized expenditures including those noted above were placed in service and depreciated.

Unrestricted net assets, as previously reported	$ 1,049,430
Previously expensed leasehold improvements	133,391
Unrestricted net assets, restated	$ 1,182,821

10. BUSINESS COMBINATION:

Effective April 1, 2011, CSC acquired Gilda's Club World Wide (GCWW) and merged all operations into CSC. CSC was the sole member of GCWW and had provided management services to GCWW since June 2009. As part of this combination, GCWW provided $86,795 of cash which has been reported in the statement of activities as excess of fair value of assets acquired in acquisition. There were no tangible or intangible assets nor liabilities recognized as part of this transaction.