Cancer Support Community and Subsidiary

Consolidated Financial Statements

December 31, 2014 and 2013

(with Independent Auditors' Report)

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Cancer Support Community and Subsidiary:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Cancer Support Community (a not-for-profit organization) and Subsidiary which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cancer Support Community and Subsidiary as of December 31, 2014 and 2013, and the changes in its consolidated net assets and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 14, 2015

Cancer Support Community and Subsidiary
Consolidated Statements of Financial Position
December 31, 2014 and 2013

		2014	2013
Assets			
Cash and cash equivalents	$	6,392,110	5,497,140
Accounts receivable		1,268,547	1,133,435
Contributions receivable		40,591	58,289
Prepaid expenses		130,053	119,157
Inventory		12,358	12,908
Property and equipment - net		1,235,760	1,118,834
Intangible assets - net		3,602	5,140
Deposits		46,373	46,373
Total assets	$	9,129,394	7,991,276
Liabilities and Net Assets			
Liabilities:			
Accounts payable	$	230,673	116,322
Accrued expenses		84,895	124,569
Due to affiliates		3,160	22,568
Deferred revenue		18,000	-
Other liabilities		60,870	55,711
Total liabilities		397,598	319,170
Net assets:			
Unrestricted - controlling interest		1,972,076	3,209,706
Unrestricted - noncontrolling interest in PPS		(9,999)	-
Unrestricted		1,962,077	3,209,706
Temporarily restricted		6,759,719	4,452,400
Permanently restricted		10,000	10,000
Total net assets		8,731,796	7,672,106
Total liabilities and net assets	$	9,129,394	7,991,276

See accompanying notes to the consolidated financial statements.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and other support:				
Development income	$ 355,950	-	-	355,950
Interest income	7,562	-	-	7,562
Service delivery:				
Program	597,788	801,859	-	1,399,647
Research and training	80,455	1,427,568	-	1,508,023
Events and special initiatives	496,758	365,000	-	861,758
Less direct expenses	(227,766)	-	-	(227,766)
Education/Outreach	58,428	860,853	-	919,281
Policy/Advocacy	-	1,426,552	-	1,426,552
Special purpose funds	114,557	-	-	114,557
Affiliate activities	381,800	-	-	381,800
In-kind revenue	59,575	-	-	59,575
Miscellaneous income	72,074	-	-	72,074
PPS sales, net of direct costs of $24,935	61,771	-	-	61,771
Net assets released from restriction	2,574,513	(2,574,513)	-	-
Total revenues and support	4,633,465	2,307,319	-	6,940,784
Expenses:				
Program services	5,047,703	-	-	5,047,703
Management and general	354,782	-	-	354,782
Fundraising	296,240	-	-	296,240
Operating expenses: PPS	282,369	-	-	282,369
Total expenses	5,981,094	-	-	5,981,094
Change in net assets before sale of preferred stock	(1,347,629)	2,307,319	-	959,690
Sale of preferred stock of PPS to noncontrolling stockholder	100,000	-	-	100,000
Change in net assets	(1,247,629)	2,307,319	-	1,059,690
Net assets at beginning of year	3,209,706	4,452,400	10,000	7,672,106
Net assets at end of year	$ 1,962,077	6,759,719	10,000	8,731,796

See accompanying notes to the consolidated financial statements.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and other support:				
Development income	$ 199,270	16,000	-	215,270
Interest income	10,365	-	-	10,365
Service delivery:				
Program	367,879	570,444	-	938,323
Research and training	605,156	748,995	-	1,354,151
Events and special initiatives	658,281	299,680	-	957,961
Less direct expenses	(226,447)	-	-	(226,447)
Education/Outreach	612,043	393,508	-	1,005,551
Policy/Advocacy	234,957	758,876	-	993,833
Special purpose funds	134,376	-	-	134,376
Affiliate activities	381,168	-	-	381,168
In-kind revenue	48,956	-	-	48,956
Miscellaneous income	59,501	-	-	59,501
Net assets released from restriction	2,271,844	(2,271,844)	-	-
Total revenues and support	5,357,349	515,659	-	5,873,008
Expenses:				
Program services	4,762,757	-	-	4,762,757
Management and general	477,669	-	-	477,669
Fundraising	489,554	-	-	489,554
Operating expenses: PPS	56,133	-	-	56,133
Total expenses	5,786,113	-	-	5,786,113
Change in net assets	(428,764)	515,659	-	86,895
Net assets at beginning of year	3,638,470	3,936,741	10,000	7,585,211
Net assets at end of year	$ 3,209,706	4,452,400	10,000	7,672,106

See accompanying notes to the consolidated financial statements.

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Operating Expenses: PPS	Total
Salaries and related expenses:					
Salaries	$ 1,727,503	152,409	99,056	164,208	2,143,176
Payroll taxes and employee benefits	146,834	12,954	8,420	18,286	186,494
Total salaries and related expenses	1,874,337	165,363	107,476	182,494	2,329,670
Other expenses:					
Office expenses	122,789	10,575	7,638	756	141,758
Grant expenses	415,761	-	-	-	415,761
Conferences and meetings	40,956	15,368	3,119	12,273	71,716
Consulting	1,202,743	44,759	64,122	33,200	1,344,824
Research and development	196,738	-	-	-	196,738
Dues and subscriptions	22,259	1,021	17,470	87	40,837
Equipment rental	10,130	872	630	-	11,632
Liability insurance	15,637	1,347	973	3,000	20,957
Travel	196,252	14,027	34,635	16,557	261,471
Marketing and recruiting	27,136	1,451	6,784	18,840	54,211
Postage and delivery	49,595	5,377	3,181	804	58,957
Printing and publications	62,293	4,157	-	70	66,520
Affiliate	131,835	-	-	-	131,835
Occupancy	382,371	32,931	23,784	5,400	444,486
Professional fees	105,263	19,223	13,909	6,034	144,429
Miscellaneous	5,306	24,222	4,839	2,854	37,221
In-kind expenses	59,575	-	-	-	59,575
CSC on-line	26,011	2,956	591	-	29,558
Total other expenses	3,072,650	178,286	181,675	99,875	3,532,486
Total expenses before depreciation and amortization	4,946,987	343,649	289,151	282,369	5,862,156
Depreciation and amortization	100,716	11,133	7,089	-	118,938
Total expenses	$ 5,047,703	354,782	296,240	282,369	5,981,094

See accompanying notes to the consolidated financial statements.

		Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Operating Expenses: PPS	Total
Salaries and related expenses:						
Salaries	$	1,514,926	179,704	237,674	37,500	1,969,804
Payroll taxes and employee benefits		166,650	19,768	26,146	3,998	216,562
Total salaries and related expenses		1,681,576	199,472	263,820	41,498	2,186,366
Other expenses:						
Office expenses		110,569	19,093	10,210	2,051	141,923
Grant expenses		612,547	-	-	-	612,547
Conferences and meetings		53,401	5,753	3,169	-	62,323
Consulting		799,778	54,500	61,142	8,000	923,420
Research and development		230,629	-	-	-	230,629
Dues and subscriptions		23,689	973	24,173	-	48,835
Equipment rental		7,801	1,347	721	-	9,869
Liability insurance		14,004	2,418	1,294	-	17,716
Travel		162,725	27,204	45,646	1,570	237,145
Marketing and recruiting		20,148	2,643	5,037	-	27,828
Postage and delivery		48,190	15,824	7,911	-	71,925
Printing and publications		266,153	29,384	13,972	-	309,509
Affiliate		156,915	-	-	-	156,915
Occupancy		337,268	58,238	31,146	660	427,312
Professional fees		72,467	13,234	9,575	2,354	97,630
Miscellaneous		4,131	18,856	3,767	-	26,754
In-kind expenses		34,269	14,687	-	-	48,956
CSC on-line		19,558	2,223	444	-	22,225
Total other expenses		2,974,242	266,377	218,207	14,635	3,473,461
Total expenses before depreciation and amortization		4,655,818	465,849	482,027	56,133	5,659,827
Depreciation and amortization		106,939	11,820	7,527	-	126,286
Total expenses	$	4,762,757	477,669	489,554	56,133	5,786,113

See accompanying notes to the consolidated financial statements.

	2014	2013
Cash flows from operating activities:		
Change in net assets	$ 1,059,690	86,895
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt expense	1,883	1,209
Depreciation and amortization	118,938	126,286
Loss on disposal of property and equipment	-	2,595
Sale of preferred stock	(100,000)	-
Effects of change in operating assets and liabilities:		
Grants receivable	-	25,000
Accounts receivable	(136,995)	(180,626)
Contributions receivable	17,698	44,377
Prepaid expenses	(10,896)	57,210
Inventory	550	799
Deposits	-	5,184
Accounts payable	114,351	(27,294)
Accrued expenses	(39,674)	5,377
Due to affiliates	(19,408)	(1,424)
Deferred revenue	18,000	(124,055)
Other liabilities	5,159	10,414
Net cash provided by operating activities	1,029,296	31,947
Cash flows from investing activities:		
Acquisition of property and equipment	(234,326)	(52,426)
Cash flows from financing activities:		
Proceeds from sale of preferred stock of PPS	100,000	-
Change in cash and cash equivalents	894,970	(20,479)
Cash and cash equivalents - beginning of year	5,497,140	5,517,619
Cash and cash equivalents - end of year	$ 6,392,110	5,497,140

See accompanying notes to the consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of Cancer Support Community and Subsidiary (collectively known as "CSC") are set forth to facilitate the understanding of data presented in the consolidated financial statements.

Nature of operations
The mission of the Cancer Support Community (CSC) is to ensure that all people impacted by cancer are empowered by knowledge, strengthened by action and sustained by community. In 2009, The Wellness Community and Gilda's Club joined forces to become the Cancer Support Community. The combined organization, with more than 50 years of collective experience, provides the highest quality social and emotional support for people impacted by cancer through a network of more than 50 licensed affiliates, more than 100 satellite locations and a vibrant online and telephone community, touching more than one million people each year.

Backed by evidence that the best cancer care includes social and emotional support, the Cancer Support Community offers these services free of charge to men, women and children with any type or stage of cancer, and to their loved ones. As the largest professionally led nonprofit network of cancer support worldwide, the Cancer Support Community delivers a comprehensive menu of personalized and essential services including support groups, educational workshops, exercise, art and nutrition classes and social activities for the entire family. Through cutting-edge psychosocial, behavioral and survivorship research, the Cancer Support Community's Research and Training Institute helps CSC provide a seamless flow of program delivery through education and training. The Cancer Support Community's Cancer Policy Institute ensures that the voices of 13.7 million cancer survivors and their families are heard in the nation's capital and in state and local legislatures across the country. In 2014 and 2013, CSC delivered nearly $47 million and $48 million, respectively, in free services to patients and families. The Cancer Support Community is advancing the innovations that are becoming the standard in complete cancer care.

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

Patient Planning Services, Inc. ("PPS") is a wholly-owned Texas C-Corp established in 2013 to license a distress screening tool for cancer patients. It was initially funded by a $100,000 investment by CSC which received that money as a donation. CSC will license the distress tool to PPS which will in turn license to hospitals.

Basis of consolidation
The consolidated financial statements include the accounts of the CSC and PPS. All material inter-entity transactions have been eliminated.

FASB ASC 958-810, *Not-for-Profit Entities – Consolidation*, discusses the accounting treatment of the majority owner and its relationship with the deficits in the noncontrolling interest. The amount of intercompany profit or loss to be eliminated is not affected by the existence of a noncontrolling interest. The complete elimination of the intercompany profit or loss is consistent with the underlying assumption that consolidated statements represent the financial position and operating results of a single business enterprise. The elimination of the intercompany profit or loss may be allocated proportionately between the majority and noncontrolling interests.

FASB ASC Topic 810 requires that ownership interests in subsidiaries held by parties other than the parent to be clearly identified. In addition, it requires that the amount of consolidated excess of revenue over expense attributable to the parent and to the noncontrolling interest be clearly identified and presented on the face of the consolidated statements of activities and changes in net assets. This standard requires the recognition of a noncontrolling interest in the unrestricted net assets in the consolidated statements of financial position separate from unrestricted net assets.

The excess of revenue over expenses attributable to the noncontrolling interest is included in the consolidated statements of activities and changes in net assets. The incremental effects of applying the provisions on the individual lines of the consolidated financial statements as of and for the year ended December 31, 2014 are presented in the consolidated financial statements and included in Note 9 to the consolidated financial statements.

Use of estimates
The preparation of consolidated 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 consolidated 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 and service delivery income on the consolidated 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. Beginning in 2012, CSC engaged in activities that generate unrelated business income tax. No provision for federal income taxes is included in these statements as the amounts are not material.

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. Fiscal years ending prior to December 31, 2011 are closed for audit. PPS has one open audit period for the year ended December 31, 2013. 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 consolidated 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 receivable at cost less an allowance for doubtful accounts. On a periodic basis, CSC evaluates its accounts 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, 2014 and 2013.

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

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.

Intangible assets
Intangible assets consist of trademarks that are amortized over the useful life of the trademarks. Accumulated amortization as of December 31, 2014 and 2013 was $4,088 and $2,550, respectively.

In-kind contributions
CSC records in-kind services as revenue in the consolidated 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 2014 and 2013, CSC received in-kind services of $59,575 and $48,956, respectively.

Functional allocation of expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated 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 consolidated financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying consolidated financial statements consider events through April 14, 2015, the date on which the consolidated financial statements were available to be issued.

2. CONTRIBUTIONS RECEIVABLE:

CSC received unconditional promises to give which have been recorded at their net present value using discount rates of 0.78% to 0.89%. The following summarizes these contributions receivable at December 31:

	2014	2013
Amounts due in:		
Less than one year	$ 39,391	29,941
One to five years	1,200	28,600
Total	40,591	58,541
Unamortized discount	-	252
Contributions receivable - net	$ 40,591	58,289

3. PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following at December 31:

	2014	2013
Leasehold improvements	$ 1,088,482	1,088,482
Office furniture and equipment	178,939	188,224
Software	369,319	161,139
	1,636,740	1,437,845
Less accumulated depreciation	(400,980)	(319,011)
	$ 1,235,760	1,118,834

4. LINE OF CREDIT:

CSC has established a line of credit with a bank for $350,000, secured by a certificate of deposit pledged to the bank. Interest is payable at the rate of 2.30% and 2.40% at December 31, 2014 and 2013, respectively. The line was renewed until July 2015. No amounts were drawn against this line as of December 31, 2014 and 2013.

5. TEMPORARILY RESTRICTED NET ASSETS:

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

	2014	2013
Policy/Advocacy	$ 1,687,790	758,876
Lee Denim Day	-	8,911
Breakaway From Cancer	80,191	96,839
Sponsorships	315,000	294,898
CSC Online	39,840	50,051
Online Support Groups	257,672	207,931
Digital Media and Tech Infrastructure	25,846	125,942
Group Loop	51,184	50,162
Patient Powered Digital Network	150,000	-
National Call Center	367,930	234,091
Frankly Speaking About Cancer Programs	1,166,241	646,968
Non-Small Cell Lung Cancer	-	4,728
Pilot Navigation and Service Delivery	87,015	91,730
Meals at Home	41,562	33,886
Cancer Transitions	44,866	122,092
MPN Awareness	120,984	-
Metastatic Breast	-	46,662
Education	226,891	514,788
Cancer Experience Registry	1,445,892	569,511
Living Health with Cancer	9,984	15,000
Children and Teens with Cancer	31,383	-
Screening Tech and Dissemination	-	120
Open to Options Programs	72,918	114,937
Distress Screening	291,661	225,000
Treatment Decision Support	32,139	46,380
Innovative Online Education	32,500	32,500
Other programs	139,639	101,856
Future periods	40,591	58,541
	$ 6,759,719	4,452,400

During the years ended December 31, 2014 and 2013, net assets released from restrictions were $2,574,513 and $2,271,844, respectively.

6. PERMANENTLY RESTRICTED NET ASSETS:

Permanently restricted net assets as of December 31, 2014 and 2013 consist of $10,000 for CSC's future growth.

7. RELATED PARTIES:

CSC received fees from local affiliates in the amount of $381,800 and $381,168 during the years ended December 31, 2014 and 2013, respectively. Expenditures related to these local affiliates totaled $131,835 and $156,915 during the years ended December 31, 2014 and 2013, respectively. At December 31, 2014 and 2013, CSC had amounts due to affiliates of $3,160 and $22,568, respectively, and amounts due from affiliates (included in accounts receivable) of $47,776 and $49,287, respectively.

8. LEASES:

CSC leases office space under a non-cancelable operating lease that expires December 2017. CSC also leases two office spaces under non-cancelable operating leases that expire June 2015 and November 2033, respectively. Future minimum lease payments under all three of these agreements at December 31, 2014 are as follows:

2015	$ 267,988
2016	252,863
2017	261,412
2018	42,000
2019	42,000
Thereafter	765,240
	$ 1,631,503

CSC leases office equipment under non-cancelable operating leases that expire in various years through 2019. Future minimum lease payments under these agreements at December 31, 2014 are as follows:

2015	$ 3,988
2016	2,331
2017	1,980
2018	1,980
2019	825
	$ 11,104

Total rent expense was $342,438 and $333,013 for the years ended December 31, 2014 and 2013, respectively.

9. CONSOLIDATION:

In March 2014, CSC sold 4,761 shares of preferred stock of PPS to an unrelated investor for $100,000. This represents a noncontrolling ownership interest in PPS of 4.5%. The change in consolidated unrestricted net assets attributed to controlling and noncontrolling interests are as follows:

	Total	Controlling Interest	Noncontrolling Interest
Balance at December 31, 2013	$ 3,209,706	3,209,706	-
Sale of preferred stock	100,000	101,233	(1,233)
Change in unrestricted net assets of CSC	(1,127,031)	(1,127,031)	-
Change in unrestricted net assets assets of PPS	(220,598)	(211,832)	(8,766)
Balance at December 31, 2014	$ 1,962,077	1,972,076	(9,999)

SINCE 1938

At Clark Schaefer Hackett, we are the sum of our individuals. Each team member's training and experience are well-suited for each client's purpose and goals. We are committed to providing insightful and customized service — from efficient compliance to sophisticated consulting — to help each client prosper today and plan for future success.

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