

**CANCER SUPPORT COMMUNITY
AND SUBSIDIARY**

**Consolidated Financial Statements and
Supplementary Information**

December 31, 2017 and 2016

with Independent Auditors' Report

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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, 2017 and 2016, 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.

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, 2017 and 2016, and the changes in their consolidated net assets and their consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position on pages 17 – 18 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 27, 2018

Cancer Support Community and Subsidiary
Consolidated Statements of Financial Position
December 31, 2017 and 2016

Assets:

	2017	2016
Cash and cash equivalents	\$ 5,475,789	5,087,004
Accounts receivable	2,121,348	1,661,321
Contributions receivable	1,041	1,391
Prepaid expenses	93,816	113,667
Inventory	-	10,324
Investments	2,116,539	1,851,249
Property and equipment-net	1,299,235	1,483,522
Intangible assets-net	-	526
Deposits	116,672	108,287
Total assets	\$ 11,224,440	10,317,291

Liabilities and Net Assets

Liabilities:

Accounts payable	\$ 244,042	326,663
Accrued expenses	176,839	148,456
Deferred revenue	134,571	68,584
Other liabilities	348,971	124,785
Total liabilities	904,423	668,488

Net assets:

Unrestricted-controlling interest	1,373,605	3,490,206
Unrestricted-noncontrolling interest in PPS	(16,528)	(16,645)
Unrestricted	1,357,077	3,473,561
Temporarily restricted	8,952,940	6,165,242
Permanently restricted	10,000	10,000
Total net assets	10,320,017	9,648,803
Total liabilities and net assets	\$ 11,224,440	10,317,291

See accompanying notes to the
consolidated financial statements.

Cancer Support Community and Subsidiary
Consolidated Statement of Activities
Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and other support:				
Development income	\$ 444,906	-	-	444,906
Interest income	105,375	-	-	105,375
Unrealized gain of investments	167,569	-	-	167,569
Service delivery:				
Program	111,557	1,488,038	-	1,599,595
Research and training	527,106	779,020	-	1,306,126
Events and special initiatives	977,527	518,184	-	1,495,711
Less direct expenses	(484,140)	-	-	(484,140)
Digital services and web	-	120,000	-	120,000
Education/Outreach	84,662	1,613,969	-	1,698,631
Policy/Advocacy	1,132,844	560,306	-	1,693,150
Special purpose funds	24,919	-	-	24,919
Affiliate activities	502,855	-	-	502,855
Communications	17,500	-	-	17,500
In-kind revenue	83,767	-	-	83,767
Miscellaneous income	99,563	-	-	99,563
PPS sales, net of direct costs of \$192,600	5,096	-	-	5,096
Net assets released from restriction	<u>2,291,819</u>	<u>(2,291,819)</u>	<u>-</u>	<u>-</u>
Total revenues and support	<u>6,092,925</u>	<u>2,787,698</u>	<u>-</u>	<u>8,880,623</u>
Expenses:				
Program services	6,772,401	-	-	6,772,401
Management and general	513,944	-	-	513,944
Fundraising	509,792	-	-	509,792
Operating expenses: PPS	<u>413,272</u>	<u>-</u>	<u>-</u>	<u>413,272</u>
Total expenses	<u>8,209,409</u>	<u>-</u>	<u>-</u>	<u>8,209,409</u>
Change in net assets	(2,116,484)	2,787,698	-	671,214
Net assets at beginning of year	<u>3,473,561</u>	<u>6,165,242</u>	<u>10,000</u>	<u>9,648,803</u>
Net assets at end of year	\$ <u>1,357,077</u>	<u>8,952,940</u>	<u>10,000</u>	<u>10,320,017</u>

See accompanying notes to the
consolidated financial statements.

Cancer Support Community and Subsidiary
Consolidated Statement of Activities
Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and other support:				
Development income	\$ 454,514	-	-	454,514
Interest income	59,580	-	-	59,580
Unrealized gain on investments	48,355	-	-	48,355
Service delivery:				
Program	130,755	2,136,316	-	2,267,071
Research and training	296,145	463,683	-	759,828
Events and special initiatives	826,371	-	-	826,371
Less direct expenses	(270,146)	-	-	(270,146)
Digital services and web	50,000	110,000	-	160,000
Education/Outreach	45,988	832,697	-	878,685
Policy/Advocacy	1,010,731	383,429	-	1,394,160
Affiliate activities	687,994	-	-	687,994
Communications	11,500	-	-	11,500
In-kind revenue	53,770	-	-	53,770
Miscellaneous income	54,075	-	-	54,075
PPS sales, net of direct costs of \$21,667	234,541	-	-	234,541
Net assets released from restriction	<u>3,112,665</u>	<u>(3,112,665)</u>	-	-
Total revenues and support	<u>6,806,838</u>	<u>813,460</u>	-	<u>7,620,298</u>
Expenses:				
Program services	6,382,204	-	-	6,382,204
Management and general	440,399	-	-	440,399
Fundraising	338,555	-	-	338,555
Operating expenses: PPS	<u>314,466</u>	-	-	<u>314,466</u>
Total expenses	<u>7,475,624</u>	-	-	<u>7,475,624</u>
Change in net assets	(668,786)	813,460	-	144,674
Net assets at beginning of year	<u>4,142,347</u>	<u>5,351,782</u>	<u>10,000</u>	<u>9,504,129</u>
Net assets at end of year	\$ <u>3,473,561</u>	<u>6,165,242</u>	<u>10,000</u>	<u>9,648,803</u>

See accompanying notes to the
consolidated financial statements.

Cancer Support Community and Subsidiary
Consolidated Statement of Functional Expenses
Year Ended December 31, 2017

	Program Services	Supporting Services		Operating Expenses: PPS	Total
		Management and General	Fundraising		
Salaries and related expenses:					
Salaries	\$ 2,486,153	256,981	131,615	303,588	3,178,337
Payroll taxes and employee benefits	<u>384,814</u>	<u>35,253</u>	<u>18,055</u>	<u>29,418</u>	<u>467,540</u>
Total salaries and related expenses	<u>2,870,967</u>	<u>292,234</u>	<u>149,670</u>	<u>333,006</u>	<u>3,645,877</u>
Other expenses:					
Office expenses	211,549	13,059	13,349	1,538	239,495
Grant expenses	653,797	-	-	-	653,797
Conferences and meetings	43,256	34,757	3,409	2,324	83,746
Consulting	1,101,952	9,850	161,163	-	1,272,965
Research and development	83,185	-	-	-	83,185
Dues and subscriptions	42,241	1,459	27,130	630	71,460
Equipment rental	21,595	1,333	1,363	-	24,291
Liability insurance	19,233	1,187	1,214	21,330	42,964
Travel	271,412	26,329	82,782	11,443	391,966
Marketing and recruiting	25,651	12,471	6,412	1,500	46,034
Postage and delivery	22,602	7,421	3,711	76	33,810
Printing and publications	113,804	4,983	3,395	-	122,182
Affiliate	132,568	-	-	-	132,568
Occupancy	679,867	29,896	30,560	2,464	742,787
Professional fees	54,803	48,815	9,752	12,692	126,062
Miscellaneous	69,261	-	-	26,269	95,530
In-kind expenses	83,767	-	-	-	83,767
CSC on-line	<u>66,798</u>	<u>7,591</u>	<u>1,518</u>	<u>-</u>	<u>75,907</u>
Total other expenses	<u>3,697,341</u>	<u>199,151</u>	<u>345,758</u>	<u>80,266</u>	<u>4,322,516</u>
Total expenses before depre- ciation and amortization	<u>6,568,308</u>	<u>491,385</u>	<u>495,428</u>	<u>413,272</u>	<u>7,968,393</u>
Depreciation and amortization	<u>204,093</u>	<u>22,559</u>	<u>14,364</u>	<u>-</u>	<u>241,016</u>
Total expenses	\$ <u>6,772,401</u>	<u>513,944</u>	<u>509,792</u>	<u>413,272</u>	<u>8,209,409</u>

See accompanying notes to the
consolidated financial statements.

Cancer Support Community and Subsidiary
Consolidated Statement of Functional Expenses
Year Ended December 31, 2016

	Program Services	Supporting Services		Operating Expenses: PPS	Total
		Management and General	Fundraising		
Salaries and related expenses:					
Salaries	\$ 2,279,214	198,456	109,195	248,044	2,834,909
Payroll taxes and employee benefits	<u>269,366</u>	<u>23,454</u>	<u>12,905</u>	<u>23,488</u>	<u>329,213</u>
Total salaries and related expenses	<u>2,548,580</u>	<u>221,910</u>	<u>122,100</u>	<u>271,532</u>	<u>3,164,122</u>
Other expenses:					
Office expenses	262,480	21,574	15,581	508	300,143
Grant expenses	451,158	-	-	-	451,158
Conferences and meetings	35,572	30,127	3,325	3,750	72,774
Consulting	1,345,344	20,820	58,924	-	1,425,088
Research and development	172,337	-	-	-	172,337
Dues and subscriptions	24,964	1,854	5,148	142	32,108
Equipment rental	14,254	1,172	846	-	16,272
Liability insurance	17,296	1,422	1,027	13,256	33,001
Travel	215,432	12,470	61,988	7,846	297,736
Marketing and recruiting	17,950	5,443	4,487	-	27,880
Postage and delivery	28,150	9,243	4,622	199	42,214
Printing and publications	84,748	19,025	608	197	104,578
Affiliate	265,555	-	-	-	265,555
Occupancy	427,046	35,100	25,350	6,175	493,671
Professional fees	104,177	19,025	13,765	5,996	142,963
Miscellaneous	1,439	6,571	1,313	3,747	13,070
In-kind expenses	53,770	-	-	-	53,770
CSC on-line	<u>52,146</u>	<u>5,926</u>	<u>1,185</u>	<u>-</u>	<u>59,257</u>
Total other expenses	<u>3,573,818</u>	<u>189,772</u>	<u>198,169</u>	<u>41,816</u>	<u>4,003,575</u>
Total expenses before depreciation and amortization	6,122,398	411,682	320,269	313,348	7,167,697
Depreciation and amortization	<u>259,806</u>	<u>28,717</u>	<u>18,286</u>	<u>1,118</u>	<u>307,927</u>
Total expenses	\$ <u>6,382,204</u>	<u>440,399</u>	<u>338,555</u>	<u>314,466</u>	<u>7,475,624</u>

See accompanying notes to the
consolidated financial statements.

Cancer Support Community and Subsidiary
Consolidated Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 671,214	144,674
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Bad debt expense	80,000	-
Unrealized gain of investments	(167,569)	(48,355)
Depreciation and amortization	241,016	307,927
Loss on disposal of property and equipment	-	9,323
Effects of change in operating assets and liabilities:		
Accounts receivable	(540,027)	(633,961)
Contributions receivable	350	1,450
Prepaid expenses	19,851	(30,540)
Inventory	10,324	-
Deposits	(8,385)	(41,136)
Accounts payable	(82,621)	44,723
Accrued expenses	28,383	46,653
Deferred revenue	65,987	24,167
Other liabilities	224,186	35,370
Net cash provided (used) by operating activities	542,709	(139,705)
Cash flows from investing activities:		
Purchase of investments	(97,721)	(53,458)
Acquisition of property and equipment	(56,203)	(252,240)
Net cash used by investing activities	(153,924)	(305,698)
Change in cash and cash equivalents	388,785	(445,403)
Cash and cash equivalents - beginning of year	5,087,004	5,532,407
Cash and cash equivalents - end of year	\$ 5,475,789	5,087,004

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 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.

As the largest professionally led nonprofit network of cancer support worldwide, the Cancer Support Community (CSC) is dedicated to ensuring that all people impacted by cancer are empowered by knowledge, strengthened by action and sustained by community. CSC achieves its mission through three areas: direct service delivery, research, and advocacy. The organization includes an international network of affiliates that offer the highest quality social and emotional support for people impacted by cancer, as well as a community of support available online and over the phone. The Research and Training Institute conducts cutting-edge psychosocial, behavioral and survivorship research. CSC furthers its focus on patient advocacy through the Cancer Policy Institute, informing public policy in Washington D.C. and across the nation. 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 majority-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 licenses the distress tool to PPS which in turn licenses 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.

CSC applies 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.

Financial Accounting Standards Board (FASB) 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, 2017 and 2016, 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. CSC engages 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.

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.

Investments

Investments are carried at the fair value of the securities. Investment income consists of dividends, capital gain distributions, and unrealized gain (loss).

Allowance for doubtful accounts

CSC carries its accounts receivable at the amount earned 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, 2017 and 2016.

Inventory

Inventory was stated at lower of cost or market with cost determined on an average cost basis. Inventory consisted 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, 2017 and 2016 was \$7,690 and \$7,164, 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 2017 and 2016, CSC received in-kind services of \$83,767 and \$53,770, respectively.

Functional allocation of expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements 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.

Reclassifications

Certain items in the 2016 report have been reclassified to conform to current year classifications. Such reclassifications have no effect on previously reported change in net assets.

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 consolidated financial statements. The accompanying consolidated financial statements consider events through June 27, 2018, the date on which the consolidated financial statements were available to be issued.

2. INVESTMENTS:

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction

between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities CSC has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The following tables present CSC's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2017 and 2016.

Fair Value Measurements at Reporting Date Using

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>December 31, 2017</u>				
Money market funds	\$ 196,740	196,740	-	-
Fixed income funds	555,896	555,896	-	-
Equity funds	<u>1,363,903</u>	<u>1,363,903</u>	-	-
Total	<u>\$ 2,116,539</u>	<u>2,116,539</u>	<u>-</u>	<u>-</u>

Fair Value Measurements at Reporting Date Using

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>December 31, 2016</u>				
Money market funds	\$ 105,610	105,610	-	-
Fixed income funds	549,608	549,608	-	-
Equity funds	<u>1,196,031</u>	<u>1,196,031</u>	-	-
Total	<u>\$ 1,851,249</u>	<u>1,851,249</u>	<u>-</u>	<u>-</u>

3. PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following at December 31:

	<u>2017</u>	<u>2016</u>
Leasehold improvements	\$ 1,114,835	1,107,073
Office furniture and equipment	332,831	319,686
Software	<u>728,212</u>	<u>823,969</u>
	2,175,878	2,250,728
Less accumulated depreciation	<u>(876,643)</u>	<u>(767,206)</u>
	<u>\$ 1,299,235</u>	<u>1,483,522</u>

4. TEMPORARILY RESTRICTED NET ASSETS:

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

	<u>2017</u>	<u>2016</u>
Policy/Advocacy	\$ 1,145,386	664,078
Transportation Assistance	119,848	27,554
HIV Distress	77,109	101,830
Oncology Care Model	271,266	-
Research Project on Nausea and Vomiting	60,000	-
Beauty/Cancer Training Project	65,325	-
Cost Eff/ION Project	80,000	-
Online Support Groups	81,963	111,590
Digital Website and Tech Infrastructure	220,000	108,844
Group Loop	28,290	41,673
My IO Manager	1,603,284	1,380,126
National Call Center	406,104	344,529
Frankly Speaking About Cancer Programs	2,156,337	1,138,992
Healing Spaces Hospital Partnership Program	518,184	-
Patient Services	60,000	60,000
Meals at Home	138,399	110,397
Cancer Transitions	29,250	53,284
MPN Awareness	86,822	224,107
Education	-	121,274
Cancer Experience Registry	1,399,471	1,086,954
Children and Teens with Cancer	32,061	38,231
Open to Options Programs	175,247	271,073
Distress Screening	80,000	154,100
Treatment Decision Support	22,869	24,964
Other programs	94,684	100,251
Future periods	<u>1,041</u>	<u>1,391</u>
	<u>\$ 8,952,940</u>	<u>6,165,242</u>

During the years ended December 31, 2017 and 2016, net assets released from restrictions were \$2,291,819 and \$3,112,665, respectively.

5. PERMANENTLY RESTRICTED NET ASSETS:

Permanently restricted net assets as of December 31, 2017 and 2016 consist of \$10,000 for CSC's future growth.

6. RELATED PARTIES:

CSC received fees from local affiliates in the amount of \$502,855 and \$687,994 during the years ended December 31, 2017 and 2016, respectively. Expenditures related to these local affiliates totaled \$132,568 and \$265,555 during the years ended December 31, 2017 and 2016, respectively. At December 31, 2017 and 2016, CSC had amounts due to affiliates (included in accounts payable) of \$4,682 and \$2,404, respectively, and amounts due from affiliates (included in accounts receivable) of \$128,140 and \$140,546, respectively.

7. LEASES:

CSC leases office space under a non-cancelable operating lease that expires November 2027. CSC also leases two office spaces under non-cancelable operating leases that expire November 2022 and November 2033, respectively. Future minimum lease payments under all four of these agreements at December 31, 2017 are as follows:

2018	\$ 411,908
2019	422,699
2020	434,305
2021	451,336
2022	452,055
Thereafter	<u>2,120,564</u>
	<u>\$ 4,292,867</u>

CSC leases office equipment under non-cancelable operating leases that expire in various years through 2020. Future minimum lease payments under these agreements at December 31, 2017 are as follows:

2018	\$ 8,352
2019	7,197
2020	<u>2,811</u>
	<u>\$ 18,360</u>

Total rent expense was \$635,414 and \$374,496 for the years ended December 31, 2017 and 2016, respectively.

8. PENSION PLAN:

In July 2016, CSC began a match through their 403(b) retirement plan providing annual benefits to employees equal to 3% of their gross salaries. Employees are eligible the first day of hire to enter the plan, are eligible for the match after 1 year of service, and are vested over 3 years in the employer's contribution. Accrued employer contributions were \$75,212 and \$31,451 for the years ended December 31, 2017 and 2016, 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:

	<u>Total</u>	<u>Controlling Interest</u>	<u>Noncontrolling Interest</u>
Balance at December 31, 2015	\$ 4,142,347	4,155,395	13,048)
Change in unrestricted net assets of CSC	(588,861)	(588,861)	-
Change in unrestricted net assets of PPS	<u>(79,925)</u>	<u>(76,328)</u>	<u>(3,597)</u>
Balance at December 31, 2016	3,473,561	3,490,206	(16,645)
Change in unrestricted net assets of CSC	(2,119,073)	(2,119,073)	-
Change in unrestricted net assets of PPS	<u>2,589</u>	<u>2,472</u>	<u>117</u>
Balance at December 31, 2017	\$ <u>1,357,077</u>	<u>1,373,605</u>	<u>(16,528)</u>

10. CONTINGENCIES:

CSC is subject to claims and lawsuits which arise primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, change in net assets and cash flows of CSC.

11. NEW ACCOUNTING PRONOUNCEMENTS:

In August 2016, the FASB issued Accounting Standard Update (ASU) No. 2016-14, Presentation of Financial Statements of Not-For-Profit Entities. The standard aims to improve not-for-profit financial statements in an effort to provide more useful information to donors, grantors, creditors and other users. Major components of this standard include: net asset classifications, liquidity and availability of cash and consistency in reporting expenses. Net asset classifications will be reduced from three classes (unrestricted, temporarily restricted and permanently restricted) to two: net assets with donor restrictions and net assets without donor restrictions. Updated disclosure requirements will be presented regarding risk exposure and availability of cash for short term use. Expenses will be reported by both their natural and functional classification to aid in the usefulness of financial statements. This standard will be effective for CSC's year ending December 31, 2018.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers. The standard's core principle is that an organization will recognize revenue when it transfers promised goods

or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard will be effective for CSC's year ending December 31, 2019.

In February 2016, the FASB issued ASU No. 2016-02, Leases. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of the lease commencement. Leases will be classified as either financing or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for CSC's year ending December 31, 2020.

CSC is currently in the process of evaluating the impact of adoption of these ASU's on the financial statements.

12. SUBSEQUENT EVENT:

Effective January 2, 2018, CSC acquired MyLifeLine, Inc. a Colorado not-for-profit. MyLifeLine, Inc. will still maintain its operations. The following assets and liabilities were acquired and assumed:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Cash and cash equivalents	\$ 408,174	-	-	408,174
Accounts receivable	75,000	-	-	75,000
Other current assets	37,424	-	-	37,424
Accounts payable	(1,175)	-	-	(1,175)
Accrued expenses	(3,152)	-	-	(3,152)
Deferred revenue	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>
	<u>\$ 511,271</u>	<u>-</u>	<u>-</u>	<u>511,271</u>

Cancer Support Community and Subsidiary
Consolidating Statement of Financial Position
December 31, 2017

	Cancer Support <u>Community</u>	Patient Planning <u>Services, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
Assets				
Cash and cash equivalents	\$ 5,467,368	8,421	-	5,475,789
Accounts receivable	2,004,648	136,306	(19,606)	2,121,348
Loan receivable-related party	230,000	-	(230,000)	-
Contributions receivable	1,041	-	-	1,041
Prepaid expenses	93,816	-	-	93,816
Investments	2,171,549	-	(55,010)	2,116,539
Property and equipment-net	1,274,235	25,000	-	1,299,235
Deposits	<u>116,672</u>	<u>-</u>	<u>-</u>	<u>116,672</u>
Total assets	\$ <u>11,359,329</u>	<u>169,727</u>	<u>(304,616)</u>	<u>11,224,440</u>
Liabilities and Net Assets and Member's Equity				
Liabilities:				
Accounts payable	\$ 218,538	51,223	(25,719)	244,042
Accrued expenses	176,839	-	-	176,839
Deferred revenue	-	134,571	-	134,571
Loan payable-related party	-	230,000	(230,000)	-
Other liabilities	<u>348,971</u>	<u>-</u>	<u>-</u>	<u>348,971</u>
Total liabilities	<u>744,348</u>	<u>415,794</u>	<u>(255,719)</u>	<u>904,423</u>
Net assets and member's equity:				
Unrestricted-controlling interest	1,652,041	-	(278,436)	1,373,605
Unrestricted-noncontrolling interest in PPS	<u>-</u>	<u>-</u>	<u>(16,528)</u>	<u>(16,528)</u>
Unrestricted	1,652,041	-	(294,964)	1,357,077
Temporarily restricted	8,952,940	-	-	8,952,940
Permanently restricted	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Total net assets	<u>10,614,981</u>	<u>-</u>	<u>(294,964)</u>	<u>10,320,017</u>
Common stock	-	10	(10)	-
Preferred stock	-	100,000	(100,000)	-
Additional paid-in capital	-	55,000	(55,000)	-
Accumulated deficit	<u>-</u>	<u>(401,077)</u>	<u>401,077</u>	<u>-</u>
Total member's equity	<u>-</u>	<u>(246,067)</u>	<u>246,067</u>	<u>-</u>
Total liabilities and net assets and member's equity	\$ <u>11,359,329</u>	<u>169,727</u>	<u>(304,616)</u>	<u>11,224,440</u>

See accompanying independent
auditors' report.

Cancer Support Community and Subsidiary
Consolidating Statement of Activities
Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Eliminations</u>	<u>Total</u>
Revenues and other support:					
Development income	\$ 444,906	-	-	-	444,906
Interest income	105,375	-	-	-	105,375
Unrealized gain of investments	167,569	-	-	-	167,569
Service delivery:					
Program	111,557	1,488,038	-	-	1,599,595
Research and training	527,106	779,020	-	-	1,306,126
Events and special initiatives	977,527	518,184	-	-	1,495,711
Less direct expenses	(484,140)	-	-	-	(484,140)
Digital services and web	-	120,000	-	-	120,000
Education/Outreach	84,662	1,613,969	-	-	1,698,631
Policy/Advocacy	1,132,844	560,306	-	-	1,693,150
Special purpose funds	24,919	-	-	-	24,919
Affiliate activities	502,855	-	-	-	502,855
Communications	17,500	-	-	-	17,500
In-kind revenue	83,767	-	-	-	83,767
Miscellaneous income	99,563	-	-	-	99,563
PPS sales, net of direct costs of \$192,600	415,861	-	-	(410,765)	5,096
Net assets released from restriction	<u>2,291,819</u>	<u>(2,291,819)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and support	<u>6,503,690</u>	<u>2,787,698</u>	<u>-</u>	<u>(410,765)</u>	<u>8,880,623</u>
Expenses:					
Program services	7,183,166	-	-	(410,765)	6,772,401
Management and general	513,944	-	-	-	513,944
Fundraising	509,792	-	-	-	509,792
Operating expenses: PPS	<u>413,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>413,272</u>
Total expenses	<u>8,620,174</u>	<u>-</u>	<u>-</u>	<u>(410,765)</u>	<u>8,209,409</u>
Change in net assets	(2,116,484)	2,787,698	-	-	671,214
Net assets at beginning of year	<u>3,473,561</u>	<u>6,165,242</u>	<u>10,000</u>	<u>-</u>	<u>9,648,803</u>
Net assets at end of year	\$ <u>1,357,077</u>	<u>8,952,940</u>	<u>10,000</u>	<u>-</u>	<u>10,320,017</u>

See accompanying independent
auditors' report.

Cancer Support Community and Subsidiary
Consolidating Statement of Functional Expenses
Year Ended December 31, 2017

	<u>Supporting Services</u>			Operating Expenses: PPS	Eliminations	Total
	Program Services	Management and General	Fundraising			
Salaries and related expenses:						
Salaries	\$ 2,486,153	256,981	131,615	303,588	-	3,178,337
Payroll taxes and employee benefits	<u>384,814</u>	<u>35,253</u>	<u>18,055</u>	<u>29,418</u>	-	<u>467,540</u>
Total salaries and related expenses	<u>2,870,967</u>	<u>292,234</u>	<u>149,670</u>	<u>333,006</u>	-	<u>3,645,877</u>
Other expenses:						
Office expenses	211,549	13,059	13,349	1,538	-	239,495
Grant expenses	968,362	-	-	-	(314,565)	653,797
Conferences and meetings	43,256	34,757	3,409	2,324	-	83,746
Consulting	1,198,152	9,850	161,163	-	(96,200)	1,272,965
Research and development	83,185	-	-	-	-	83,185
Dues and subscriptions	42,241	1,459	27,130	630	-	71,460
Equipment rental	21,595	1,333	1,363	-	-	24,291
Liability insurance	19,233	1,187	1,214	21,330	-	42,964
Travel	271,412	26,329	82,782	11,443	-	391,966
Marketing and recruiting	25,651	12,471	6,412	1,500	-	46,034
Postage and delivery	22,602	7,421	3,711	76	-	33,810
Printing and publications	113,804	4,983	3,395	-	-	122,182
Affiliate	132,568	-	-	-	-	132,568
Occupancy	679,867	29,896	30,560	2,464	-	742,787
Professional fees	54,803	48,815	9,752	12,692	-	126,062
Miscellaneous	69,261	-	-	26,269	-	95,530
In-kind expenses	83,767	-	-	-	-	83,767
CSC on-line	<u>66,798</u>	<u>7,591</u>	<u>1,518</u>	-	-	<u>75,907</u>
Total other expenses	<u>4,108,106</u>	<u>199,151</u>	<u>345,758</u>	<u>80,266</u>	<u>(410,765)</u>	<u>4,322,516</u>
Total expenses before depre- ciation and amortization	<u>6,979,073</u>	<u>491,385</u>	<u>495,428</u>	<u>413,272</u>	<u>(410,765)</u>	<u>7,968,393</u>
Depreciation and amortization	<u>204,093</u>	<u>22,559</u>	<u>14,364</u>	-	-	<u>241,016</u>
Total expenses	\$ <u>7,183,166</u>	<u>513,944</u>	<u>509,792</u>	<u>413,272</u>	<u>(410,765)</u>	<u>8,209,409</u>

See accompanying independent
auditors' report.

