

# Cancer Support Community

Financial Statements

December 31, 2012

(with Independent Auditors' Report)



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Cancer Support Community:

We have audited the accompanying financial statements of the Cancer Support Community (a not-for-profit organization) which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 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 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Cancer Support Community as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Clark, Schaefer, Hackett + Co.*

Cincinnati, Ohio  
April 9, 2013

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Cancer Support Community  
Statement of Financial Position  
December 31, 2012

Assets

Cash and cash equivalents	\$ 5,517,619
Grants receivable	25,000
Accounts receivable	954,018
Contributions receivable	102,666
Prepaid expenses	176,367
Inventory	13,707
Property and equipment - net	1,193,751
Intangible assets - net	6,678
Deposits	<u>51,557</u>
 Total assets	 \$ <u>8,041,363</u>

Liabilities and Net Assets

Liabilities:

Accounts payable	\$ 143,616
Accrued expenses	119,192
Due to affiliates	23,992
Deferred revenue	124,055
Other liabilities	<u>45,297</u>
 Total liabilities	 <u>456,152</u>

Net assets:

Unrestricted	3,638,470
Temporarily restricted	3,936,741
Permanently restricted	<u>10,000</u>
 Total net assets	 <u>7,585,211</u>
 Total liabilities and net assets	 \$ <u>8,041,363</u>

See accompanying notes to the financial statements

Cancer Support Community  
Statement of Activities  
Year Ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and other support:				
Development income	\$ 299,599	-	-	299,599
Interest income	11,208	-	-	11,208
Service delivery:				
Program	485,966	442,897	-	928,863
Research and training	447,324	400,293	-	847,617
Events and special initiatives	807,216	365,355	-	1,172,571
Less direct expenses	(340,448)	-	-	(340,448)
Education/Outreach	451,742	683,971	-	1,135,713
Policy/Advocacy	444,620	405,380	-	850,000
Special purpose funds	2,191	-	-	2,191
Affiliate activities	348,564	-	-	348,564
In-kind revenue	79,365	-	-	79,365
Miscellaneous income	38,038	-	-	38,038
Net assets released from restriction	<u>2,491,982</u>	<u>(2,491,982)</u>	-	-
Total revenues and support	<u>5,567,367</u>	<u>(194,086)</u>	-	<u>5,373,281</u>
Expenses:				
Program services	4,054,923	-	-	4,054,923
Management and general	583,021	-	-	583,021
Fundraising	<u>512,906</u>	-	-	<u>512,906</u>
Total expenses	<u>5,150,850</u>	-	-	<u>5,150,850</u>
Change in net assets	416,517	(194,086)	-	222,431
Net assets at beginning of year	<u>3,221,953</u>	<u>4,130,827</u>	<u>10,000</u>	<u>7,362,780</u>
Net assets at end of year	\$ <u>3,638,470</u>	<u>3,936,741</u>	<u>10,000</u>	<u>7,585,211</u>

See accompanying notes to the financial statements

Cancer Support Community  
Statement of Functional Expenses  
Year Ended December 31, 2012

	Program Services	<u>Supporting Services</u>		
		<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related expenses:				
Salaries	\$ 1,338,514	187,345	280,746	1,806,605
Payroll taxes and employee benefits	<u>165,681</u>	<u>23,189</u>	<u>34,752</u>	<u>223,622</u>
Total salaries and related expenses	<u>1,504,195</u>	<u>210,534</u>	<u>315,498</u>	<u>2,030,227</u>
Other expenses:				
Office expenses	102,892	18,790	13,596	135,278
Grant expenses	538,750	-	-	538,750
Conferences and meetings	52,540	16,913	560	70,013
Consulting	634,711	74,586	17,668	726,965
Research and development	220,648	-	-	220,648
Dues and subscriptions	7,355	1,641	32,229	41,225
Equipment rental	8,136	1,486	1,075	10,697
Liability insurance	12,554	2,293	1,658	16,505
Travel	191,581	25,973	43,738	261,292
Marketing and recruiting	19,152	800	10,612	30,564
Postage and delivery	45,591	14,970	7,485	68,046
Printing and publications	199,035	1,499	4,742	205,276
Affiliate	34,180	-	-	34,180
Occupancy	311,596	56,903	41,173	409,672
Professional fees	10,350	47,244	9,438	67,032
Miscellaneous	4,664	21,291	4,254	30,209
In-kind expenses	500	70,666	199	71,365
CSC on-line	<u>42,539</u>	<u>4,834</u>	<u>967</u>	<u>48,340</u>
Total other expenses	<u>2,436,774</u>	<u>359,889</u>	<u>189,394</u>	<u>2,986,057</u>
Total expenses before depreciation	3,940,969	570,423	504,892	5,016,284
Depreciation and amortization	<u>113,954</u>	<u>12,598</u>	<u>8,014</u>	<u>134,566</u>
Total expenses	\$ <u>4,054,923</u>	<u>583,021</u>	<u>512,906</u>	<u>5,150,850</u>

See accompanying notes to the financial statements

Cancer Support Community  
Statement of Cash Flows  
Year Ended December 31, 2012

Cash flows from operating activities:	
Change in net assets	\$ 222,431
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Bad debt expense	13,377
Donated property and equipment	(1,500)
Donated intangible assets	(6,500)
Depreciation and amortization	134,566
Loss on disposal of property and equipment	1,640
Effects of change in operating assets and liabilities:	
Grants receivable	217,953
Accounts receivable	(786,390)
Contributions receivable	32,036
Prepaid expenses	(74,115)
Inventory	(11,324)
Accounts payable	(94,048)
Accrued expenses	17,286
Due to affiliates	23,867
Deferred revenue	124,055
Other liabilities	<u>16,045</u>
Net cash used by operating activities	<u>(170,621)</u>
Cash flows from investing activities:	
Acquisition of property and equipment	<u>(21,299)</u>
Cash flows from financing activities:	
Proceeds from line of credit	50,242
Payments on line of credit	<u>(230,453)</u>
Net cash used by financing activities	<u>(180,211)</u>
Change in cash and cash equivalents	(372,131)
Cash and cash equivalents - beginning of year	<u>5,889,750</u>
Cash and cash equivalents - end of year	\$ <u><u>5,517,619</u></u>
Supplemental disclosures:	
Interest paid	\$ <u><u>1,926</u></u>

See accompanying notes to the financial statements

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The following accounting principles and practices of the Cancer Support Community 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 working to ensure that all people impacted by cancer are empowered by knowledge, strengthened by action, and sustained by community. The 2009 union of The Wellness Community and Gilda's Club brings a combined 50 years of experience serving people with cancer and their loved ones. CSC delivers direct patient services through our affiliate network and satellite locations, as well as through our telephone hotline and online community; touching over 1 million patients and family members each year and delivering more than \$40 million in free services in 2012. CSC is also home to the first independent Institute in the United States dedicated to psychosocial, behavioral, and survivorship research and training in cancer. This combination of direct, grassroots patient support and novel research uniquely positions CSC to be a trusted partner in addressing public need in a way that is grounded in evidence.

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. Beginning in 2012, CSC engages in activities that generate unrelated business income tax. No provision for federal income taxes are 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. The fiscal years of filings open to these authorities and available for audit are 2009, 2010 and 2011. 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, 2012.

**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, 2012 was \$1,012.

**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 2012, CSC received in-kind contributions for services and materials of \$71,365, in-kind contributions of equipment of \$1,500, and in-kind contributions of intangible assets of \$6,500. The equipment and intangible 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 9, 2013, the date on which the 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 a discount rate of 0.89%. The following summarizes these contributions receivable at December 31:

Amounts due in:	
Less than one year	\$ 63,191
One to five years	<u>40,000</u>
Total	103,191
Unamortized discount	<u>525</u>
Contributions receivable - net	\$ <u>102,666</u>

**3. PROPERTY AND EQUIPMENT:**

Property and equipment consisted of the following at December 31:

Leasehold improvements	\$ 1,088,482
Office furniture and equipment	204,469
Software	<u>222,414</u>
	1,515,365
Less accumulated depreciation	<u>(321,614)</u>
	\$ <u>1,193,751</u>

**4. LINE OF CREDIT:**

CSC had 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 was due on June 30, 2012. Interest was payable at LIBOR plus 3.30%. This line was paid in full as of December 31, 2012.

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, 2012, respectively. The \$100,000 line is due on demand and the \$350,000 line was renewed until June 2013. No amounts were drawn against these lines as of December 31, 2012.

**5. TEMPORARILY RESTRICTED NET ASSETS:**

Temporarily restricted net assets are available for the period after December 31, 2012 for the following purposes:

Policy/Advocacy	\$ 418,251
Lee Denim Day	52,800
Breakaway From Cancer	44,646
Sponsorships	239,298
CSC Online	66,424
Online Support Groups	33,497
Digital Media and Social Network	95,038
Group Loop	40,361
Lung Cancer Webinar	21,217
National Call Center	201,614
Frankly Speaking About Cancer Programs	1,044,222
Non-Small Cell Lung Cancer	44,460
Pilot Navigation and Service Delivery	96,667
Meals at Home	17,458
Cancer Transitions	127,408
Right Action for Women	58,100
Metastatic Breast	92,500
Education	309,637
Breast Cancer Experience Registry	182,637
Living Health with Cancer	38,600
Children and Teens with Cancer Initiative	35,230
Screening Tech and Dissemination	111,114
Open to Options Programs	372,171
Other Programs	90,200
Future periods	<u>103,191</u>
	<u>\$ 3,936,741</u>

During the year ended December 31, 2012, net assets released from restrictions were \$2,491,982.

**6. PERMANENTLY RESTRICTED NET ASSETS:**

Permanently restricted net assets as of December 31, 2012 consist of \$10,000 for CSC's future growth.

**7. RELATED PARTIES:**

CSC received fees from local affiliates in the amount of \$348,564 during the year ended December 31, 2012. Expenditures related to these local affiliates totaled \$34,180 during the year ended December 31, 2012. At December 31, 2012, CSC had amounts due to affiliates of \$23,992 and amounts due from affiliates (included in accounts receivable) of \$46,807.

**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 June 2015 and October 2033, respectively. Future minimum lease payments under all three of these agreements at December 31, 2012 are as follows:

2013	\$ 304,516
2014	312,230
2015	66,173
2016	42,000
2017	42,000
Thereafter	<u>845,741</u>
	<u>\$ 1,612,660</u>

CSC leases office equipment under non-cancelable operating leases that expire in various years through 2016. Future minimum lease payments under these agreements at December 31, 2012 are as follows:

2013	\$ 6,636
2014	6,368
2015	2,008
2016	<u>351</u>
	<u>\$ 15,363</u>

Total rent expense was \$334,313 for the year ended December 31, 2012.



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