

CANCER CAREPOINT, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

AND

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

CANCER CAREPOINT, INC.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors
Cancer CAREpoint, Inc.
San Jose, California

We have reviewed the accompanying financial statements of Cancer CAREpoint, Inc. (a California nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

We have previously reviewed the Cancer CAREpoint, Inc.'s 2015 financial statements report dated April 28, 2016. Based on our review, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the reviewed financial statements from which it has been derived.

*Johnson & Yan
Accountancy Corporation*

San Jose, California

May 15, 2017

CANCER CAREPOINT, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016
(With Comparative Totals as of December 31, 2015)

ASSETS

	2016	2015*
Current assets		
Cash	\$ 852,192	\$ 696,241
Investments - Note 3	425,034	497,173
Pledges receivable	6,087	20,000
Deposits	4,586	3,423
Prepaid expenses	11,536	10,344
Total current assets	1,299,435	1,227,181
Property and equipment, net - Note 4	90,560	123,936
	\$ 1,389,995	\$ 1,351,117

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ -	\$ 16,749
Accrued expenses	66,897	37,724
Total current liabilities	66,897	54,473
Net assets		
Unrestricted	1,255,343	1,266,971
Temporarily restricted - Note 5	67,755	29,673
	1,323,098	1,296,644
	\$ 1,389,995	\$ 1,351,117

See accompanying notes to financial statements
* Derived from 2015 reviewed financial statements

CANCER CAREPOINT, INC.
STATEMENT OF STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016
(With Comparative Totals for the year ended December 31, 2015)

	2016			2015*
	Unrestricted	Temporarily Restricted	Total	Total
Revenues				
Contributions:				
Public	\$ 896,325	\$ 8,464	\$ 904,789	\$ 683,185
Corporate and foundation	355,175	51,453	406,628	411,078
In-kind donated services and materials	230,097	-	230,097	137,448
In-kind occupancy revenue	49,353	-	49,353	49,353
Service fee	3,500	-	3,500	-
Interest and dividends	7,469	-	7,469	3,775
Net realized and unrealized investment gain (loss)	13,099	-	13,099	(3,099)
	1,555,018	59,917	1,614,935	1,281,740
Net assets released from restrictions	21,835	(21,835)	-	-
Total support and revenue	1,576,853	38,082	1,614,935	1,281,740
Operating expenses				
Program services	1,252,986	-	1,252,986	981,738
Supporting services				
General and administrative	133,290	-	133,290	88,853
Fundraising costs	202,205	-	202,205	135,648
Total supporting services	335,495	-	335,495	224,501
Total supporting and program services	1,588,481	-	1,588,481	1,206,239
Change in net assets	(11,628)	38,082	26,454	75,501
Net assets, beginning of year	1,266,971	29,673	1,296,644	1,221,143
Net assets, end of year	\$ 1,255,343	\$ 67,755	\$ 1,323,098	\$ 1,296,644

See accompanying notes to financial statements
* Derived from 2015 reviewed financial statements

CANCER CAREPOINT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016
(With Comparative Totals for the year ended December 31, 2015)

	2016			2015*	
	Program Services	General and Administrative	Fundraising	Total	
Salaries	\$ 563,863	\$ 37,792	\$ 37,792	\$ 639,447	\$ 514,341
Payroll taxes	45,503	3,340	3,344	52,187	42,053
Employee benefits	56,677	14,509	4,377	75,563	44,298
Bonuses	-	-	-	-	1,325
Total salaries and related expenses	666,043	55,641	45,513	767,197	602,017
Professional services	21,553	17,492	1,246	40,291	34,763
Communications/public relations	27,544	-	6,886	34,430	35,165
Food	6,209	-	-	6,209	4,221
Office maintenance and supplies	20,458	-	-	20,458	17,951
Telephone	26,266	75	3,110	29,451	6,390
Utilities	9,294	-	787	10,081	5,995
Postage and shipping	9,672	-	2,232	11,904	18,160
Building occupancy	108,529	-	-	108,529	95,844
Special event expense	29,456	-	100,603	130,059	84,140
Printing	14,035	-	3,417	17,452	19,329
Advertising	3,156	-	-	3,156	4,373
Travel, education and training	4,733	973	-	5,706	5,962
Insurance	3,607	1,879	902	6,388	6,128
Patient programs	22,025	-	-	22,025	58,205
Patient providers	56,402	-	-	56,402	-
Bank and credit card fees	-	484	16,739	17,223	16,585
Miscellaneous	13,795	2,521	10,770	27,086	12,602
Total expenses before depreciation and in-kind expenses	1,042,777	79,065	192,205	1,314,047	1,027,830
Depreciation	112	44,225	-	44,337	40,961
In-kind services and materials	210,097	10,000	10,000	230,097	137,448
Total functional expenses	\$ 1,252,986	\$ 133,290	\$ 202,205	\$ 1,588,481	\$ 1,206,239

See accompanying notes to financial statements
* Derived from 2015 reviewed financial statements

CANCER CAREPOINT, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016
(With Comparative Totals as of December 31, 2015)

	2016	2015*
Cash flows from operating activities		
Change in net assets	\$ 26,454	\$ 75,501
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation	44,337	40,961
Realized and unrealized (gain) loss on investments	(13,099)	2,827
(Increase) decrease in assets		
Pledges receivable	13,913	20,000
Prepays and deposits	(2,355)	(8,666)
Increase (decrease) in liabilities		
Accounts payable	(16,749)	(444)
Accrued expenses	29,173	14,599
	<u>81,674</u>	<u>144,778</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of property and equipment	(10,961)	(13,319)
Purchase of investments	(505,177)	(500,000)
Sale of investments	590,415	-
	<u>74,277</u>	<u>(513,319)</u>
Net cash provided by (used for) investing activities		
Net increase (decrease) in cash	155,951	(368,541)
Cash, beginning of year	<u>696,241</u>	<u>1,064,782</u>
Cash, end of year	<u>\$ 852,192</u>	<u>\$ 696,241</u>

See accompanying notes to financial statements
* Derived from 2015 reviewed financial statements

CANCER CAREPOINT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 1 - SUMMARY OF ACTIVITIES

Cancer CAREpoint (the Organization) was established in 2010 and is a not-for-profit organization dedicated to transforming support for cancer patients, families and caregivers in Silicon Valley through personalized, one-on-one Counseling, Assistance, Resources and Education.

In October 2013 the Organization opened its current location in San Jose to provide a convenient, welcoming place for individuals and their families and caregivers to come for help through their cancer journey. Here you can meet one-on-one for free private consultations, attend educational programs to find more information about cancer treatments and side effects as well as information regarding support groups. Starting in 2016, programs are also offered at the Palo Alto Medical Foundation and the Santa Clara Valley Medical Center. Current programs include: one-on-one consultants to provide guidance, networking and support groups, nutrition, therapeutic massage, guided imagery, gentle movement, yoga for cancer survivorship, quigong, healing and healing speaker series and wig services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization follows standards of accounting and financial reporting for not-for-profit organizations as prescribed by the American Institute of Certified Public Accountants and the Financial Accounting Standards Board. The Organization reports its financial position and operational activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets which have restrictive covenants set by the donor.

- Unrestricted net assets are those assets over which the Board of Directors (the Board) has discretionary control in carrying out the operations of the Organization. The Organization reports as an increase in unrestricted net assets any restricted support received in the same period for which the restrictions are met.
- Temporarily restricted net assets are pledges and unconditional promises which are subject to donor restrictions usually released with the passage of time or a use requirement being met.

Revenue recognition - The Organization recognizes public support, as well as program revenue income on the accrual basis of accounting. Public support is recordable on a net realizable value basis. Program revenue is recognized in the period in which services are provided.

Contributions are recognized when the donor makes an unconditional promise to give. Contributions are recorded as unrestricted or temporarily restricted depending on the nature of donor restrictions and depending on whether the restrictions are met in the current period. Restricted contributions are reported as increases in unrestricted net assets if the restrictions have been met in the current fiscal period. If the restriction has not been met by fiscal year end, the amount is reported as an increase in temporarily restricted net assets. When the restriction is met on a contribution received in a prior fiscal period, the amount is shown as a reclassification of restricted net assets to unrestricted net assets.

CANCER CAREPOINT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Conditional promises to give are not included as support until the conditions are substantially met.

Contributions-in-kind - Donated equipment and other donated goods are recorded at their estimated value at the date of donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at the estimated fair value at the time services are rendered. The Organization also receives other donated services that do not require specific expertise but which are nonetheless central to the Organization's operations. These contributed services are not reflected in the financial statements.

Cash - Cash consists of deposits with a bank which often exceed federally insured limits.

Investments - Investments in marketable securities with readily determinable fair value are stated at market value. Dividends and interest are accrued as earned and recorded as unrestricted revenue unless income is restricted by the donor.

Generally accepted accounting principles establish a hierarchy to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the assets based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Values are unadjusted quoted prices for identical assets or liabilities in active markets accessible at the measurement date.

Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

CANCER CAREPOINT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment - Property and equipment are recorded at cost, or if contributed, at the estimated fair value when donated. Depreciation is computed using the straight-line method over estimated useful life of five years. Depreciation is recorded as a decrease in unrestricted net assets and the expense is charged to the activity benefiting from the use of the facilities or equipment.

Long-lived assets - The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No such impairments have been identified to date.

Indirect expense allocations - Indirect expense allocations are based on actual salaries allocated to an applicable program and supporting activity.

Income taxes - The Organization is exempt from federal and state income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code and similar state provisions and has been determined to be an organization which is not a private foundation.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of credit risk - Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash, pledges receivable, grants receivable and investments. Cash is deposited in local reputable banks and marketable securities are in the custody of a large financial institution. The credit risk in the pledges and grants receivable is mitigated by the fact that pledges are made by predominately local, repeat donors and are evaluated by the Organization based on personal contact and knowledge of the donors. The credit risk in investments described in Note 3 is mitigated by the fact that the Organization regularly reviews the investments and uses an outside investment manager.

CANCER CAREPOINT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 3 - INVESTMENTS IN MARKETABLE SECURITIES

The cost and fair market value of the Organization's investments in marketable securities consisted of the following at December 31, 2016:

	<u>Cost</u>	<u>Fair market Value</u>	<u>Unrealized gains</u>
Publicly traded equity securities:			
ETFs & CEFs	\$ 251,280	\$ 259,998	\$ 8,718
Certificates of deposit	165,000	165,036	36
	<u>416,280</u>	<u>425,034</u>	<u>8,754</u>
Total investments	<u>\$ 416,280</u>	<u>\$ 425,034</u>	<u>\$ 8,754</u>

The fair market value of marketable securities is based upon quoted market prices for identical assets (Level 1 input).

Investment gain included in the statement of activities for the year ended December 31, 2016 consisted of the following:

Dividends and interest income	\$ 7,469
Net realized gain	4,345
Net unrealized gain	<u>8,754</u>
Net realized and unrealized gain on investments	<u>13,099</u>
Total investment gain	<u>\$ 20,568</u>

Investment expense was \$2,202 for the year ended December 31, 2016.

CANCER CAREPOINT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 4 - PROPERTY AND EQUIPMENT

The components of property and equipment are as follows for the year ended December 31, 2016:

Property and equipment	
Equipment	\$ 27,467
Leasehold improvements	198,623
	<u>226,090</u>
Less accumulated depreciation	<u>(135,530)</u>
	<u><u>\$ 90,560</u></u>

Depreciation expense was \$44,337 for the year ended December 31, 2016.

NOTE 5 - RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2016:

Insurance Premiums & Volunteer Program	\$ 5,953
C McDonald Programs	3,053
Wig Room	351
President's Fund	3,551
Family Care Project	1,045
Counseling	5,000
El Camino Hospital	11,255
El Camino Healthcare District	11,625
2017 Garden Party Sponsorship	25,000
Intero	922
	<u>67,755</u>
Total	<u><u>\$ 67,755</u></u>

Total release of restrictions was \$21,835 for the year ended December 31, 2016.

CANCER CAREPOINT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 6 - RELATED PARTY TRANSACTIONS

Donations from board members totaled \$110,729 for the year ended December 31, 2016.

The Organization received favorable lease terms from the landlord due to the positive relationship with this Organization and commonality of the board members of these two organizations. In kind occupancy revenue and expense has been recorded by the Organization for \$49,353 for the year ended December 31, 2016 to effectively record the lease at estimated fair value. Estimated fair value was determined by comparable leasing rates at December 31, 2016 in close proximity to the Organization's location.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

The Organization has elected to be self-insured for California unemployment insurance. Amounts contingently payable under this arrangement are deemed immaterial.

NOTE 8 - LEASE

The Company leases office space under a long-term non-cancellable lease agreement, classified as an operating lease, which expires in 2018. Future minimum lease payments due for years ending December 31 are:

2017	\$	50,429
2018		<u>30,352</u>
	\$	<u><u>80,781</u></u>

NOTE 9 - RETIREMENT PLANS

The Organization maintains a 401(k) plan covering all employees meeting minimum age and service requirements. The plan allows for discretionary employer matching contributions. Participants 100% vest in the matching contributions after three years of service as long as the participant has reached a minimum of 1,000 hours of service each year. The Organization did not make any matching contributions for the year ended December 31, 2016.

NOTE 10 - SUBSEQUENT EVENTS

Subsequent events were evaluated through May 15, 2017, the date the financial statements were available to be issued