

CANCER CAREPOINT, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

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, 2018, 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.



Report on Summarized Comparative Information

We have previously reviewed the Cancer CAREpoint, Inc.'s 2017 financial statements and in our conclusion dated June 29, 2018, stated that based on our review, we were not aware of any material modifications that should be made to the 2017 financial statement in order for them to be in accordance with accounting principles generally accepted in the United States of America. We were not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2017, for it to be consistent with the reviewed financial statements from which it has been derived.

Johanson & Yau Accountancy Corporation

San Jose, California
July 16, 2019

CANCER CAREPOINT, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018
(With Comparative Totals as of December 31, 2017)

ASSETS

	<u>2018</u>	<u>2017*</u>
Current assets		
Cash	\$ 233,806	\$ 510,458
Investments - Note 4	1,609,137	1,170,488
Pledges receivable	-	6,165
Deposits	4,586	4,586
Prepaid expenses	<u>13,218</u>	<u>19,994</u>
Total current assets	1,860,747	1,711,691
Property and equipment, net - Note 5	<u>39,645</u>	<u>73,414</u>
	<u>\$ 1,900,392</u>	<u>\$ 1,785,105</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 19,216	\$ 5,174
Accrued expenses	<u>69,552</u>	<u>68,904</u>
Total current liabilities	<u>88,768</u>	<u>74,078</u>
Net assets		
Without donor restrictions	1,706,361	1,650,336
With donor restrictions - Note 6	<u>105,263</u>	<u>60,691</u>
	<u>1,811,624</u>	<u>1,711,027</u>
	<u>\$ 1,900,392</u>	<u>\$ 1,785,105</u>

See accompanying notes to financial statements
* Derived from 2017 reviewed financial statements

CANCER CAREPOINT, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018
(With Comparative Totals for the year ended December 31, 2017)

	2018			2017*
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating activities				
Revenues				
Contributions				
Public	\$ 1,130,306	\$ -	\$ 1,130,306	\$ 1,104,883
Corporate and foundation	468,262	40,562	508,824	604,592
Government grants	4,402	41,998	46,400	-
In-kind donated services and materials	28,278	-	28,278	25,525
In-kind occupancy revenue	49,353	-	49,353	49,353
Service fee	7,700	-	7,700	29,166
	<u>1,688,301</u>	<u>82,560</u>	<u>1,770,861</u>	<u>1,813,519</u>
Net assets released from restrictions	<u>37,988</u>	<u>(37,988)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>1,726,289</u>	<u>44,572</u>	<u>1,770,861</u>	<u>1,813,519</u>
Expenses				
Program services	<u>1,277,257</u>	<u>-</u>	<u>1,277,257</u>	<u>1,104,634</u>
Supporting services				
General and administrative	125,641	-	125,641	144,666
Fundraising costs	<u>263,353</u>	<u>-</u>	<u>263,353</u>	<u>213,203</u>
Total supporting services	<u>388,994</u>	<u>-</u>	<u>388,994</u>	<u>357,869</u>
Total supporting and program services	<u>1,666,251</u>	<u>-</u>	<u>1,666,251</u>	<u>1,462,503</u>
Non-operating activities				
Interest and dividends	23,723	-	23,723	8,578
Net realized and unrealized investment gain (loss)	<u>(27,736)</u>	<u>-</u>	<u>(27,736)</u>	<u>28,335</u>
Change in net assets	56,025	44,572	100,597	387,929
Net assets, beginning of year	<u>1,650,336</u>	<u>60,691</u>	<u>1,711,027</u>	<u>1,323,098</u>
Net assets, end of year	<u>\$ 1,706,361</u>	<u>\$ 105,263</u>	<u>\$ 1,811,624</u>	<u>\$ 1,711,027</u>

See accompanying notes to financial statements
* Derived from 2017 reviewed financial statements

CANCER CAREPOINT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018
(With Comparative Totals for the year ended December 31, 2017)

	2018				2017*
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
Salaries	\$ 732,299	\$ 56,346	\$ 56,346	\$ 844,991	\$ 664,883
Payroll taxes	57,943	4,377	4,377	66,697	49,027
Employee benefits	54,837	3,211	2,961	61,009	58,044
Total salaries and related expenses	845,079	63,934	63,684	972,697	771,954
Professional services	61,770	13,110	94,221	169,101	59,331
Communications/public relations	-	-	-	-	27,665
Food	10,511	-	17,674	28,185	5,743
Office maintenance and supplies	20,382	-	1,799	22,181	17,900
Telephone	9,777	-	1,015	10,792	11,433
Utilities	8,351	-	-	8,351	8,115
Postage and shipping	14,481	-	7,342	21,823	13,889
Building occupancy	119,812	-	-	119,812	116,280
Special event expense	-	(1,202)	1,202	-	150,951
Printing	23,204	-	20,060	43,264	29,094
Advertising	17,091	-	21,655	38,746	10,482
Travel, education and training	6,775	947	-	7,722	5,660
Insurance	3,824	2,696	1,380	7,900	7,425
Patient programs	46,429	-	-	46,429	27,268
Patient providers	58,466	-	-	58,466	77,059
Bank and credit card fees	-	678	19,700	20,378	18,513
Miscellaneous	3,027	3,509	13,621	20,157	32,905
Total expenses before depreciation and in-kind expenses	1,248,979	83,672	263,353	1,596,004	1,391,667
Depreciation	-	41,969	-	41,969	45,311
In-kind services and materials	28,278	-	-	28,278	25,525
Total functional expenses	<u>\$ 1,277,257</u>	<u>\$ 125,641</u>	<u>\$ 263,353</u>	<u>\$ 1,666,251</u>	<u>\$ 1,462,503</u>

See accompanying notes to financial statements
* Derived from 2017 reviewed financial statements

CANCER CAREPOINT, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018
(With Comparative Totals as of December 31, 2017)

	2018	2017*
Cash flows from operating activities		
Change in net assets	\$ 100,597	\$ 387,929
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	41,969	45,311
In-kind contributions of property	(9,430)	-
Realized and unrealized (gain) loss on investments	27,736	(28,335)
(Increase) decrease in assets		
Pledges receivable	6,165	(78)
Prepays and deposits	6,776	(8,458)
Increase (decrease) in liabilities		
Accounts payable	14,042	5,174
Accrued expenses	648	2,007
	<u>188,503</u>	<u>403,550</u>
Cash flows from investing activities		
Purchase of property and equipment	(8,200)	(28,165)
Purchase of investments	(1,189,655)	(1,247,482)
Sale of investments	732,700	530,363
	<u>(465,155)</u>	<u>(745,284)</u>
Net cash used for investing activities	<u>(465,155)</u>	<u>(745,284)</u>
Net decrease in cash	(276,652)	(341,734)
Cash, beginning of year	<u>510,458</u>	<u>852,192</u>
Cash, end of year	<u>\$ 233,806</u>	<u>\$ 510,458</u>

See accompanying notes to financial statements
* Derived from 2017 reviewed financial statements

CANCER CAREPOINT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

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. The Organization is the only community-based cancer care non-profit in the Bay Area offering non-medical support services to patients, survivors, caregivers and family members for any type of cancer diagnosis at no cost.

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. The Organization offers wide variety of services, at no cost to patients, including exercise, nutrition, and mind-body skills, counseling and support groups, therapeutic massage and energy work, a Family CARE program, survivorship programs, special presentations, and a wig bank. Starting in 2016, the Organization also began offering programs at other locations, such as Santa Clara Valley Medical Center, other medical centers, and community centers.

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 according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of operations - The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's programs. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

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

CANCER CAREPOINT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued) - Contributions are recognized when the donor makes an unconditional promise to give. Contributions are recorded as net assets without donor restrictions or with donor restrictions 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 net assets without donor restrictions 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 net assets with donor restrictions. When the restriction is met on a contribution received in a prior fiscal period, the amount is reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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 revenue without donor restrictions 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, 2018

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 net assets without donor restrictions 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 4 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, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional expenses - The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting services. Such allocations are determined by management on an equitable basis.

Significant categories of expenses that are allocated include the following:

Expense	Method of Allocation
Salaries	Time and effort
Payroll taxes	Time and effort
Employee benefits	Time and effort
Professional services	Full Time Equivalent
Building occupancy	Square Footage
Patient programs	Time and effort
Patient providers	Full Time Equivalent
Depreciation	Square Footage
Advertising	Time and effort
Printing	Time and effort

New accounting pronouncement - On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

CANCER CAREPOINT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2018 and 2017:

Financial assets at year end:

Cash	\$	233,806
Investments		<u>1,609,137</u>

Total financial assets		1,842,943
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Less amounts not available to be used within one year:

Net assets with donor restrictions		<u>105,263</u>
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Financial assets available to meet general expenditures
over the next twelve months

\$	<u><u>1,737,680</u></u>
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The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

NOTE 4 - 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, 2018:

	<u>Cost</u>	<u>Fair market Value</u>	<u>Unrealized losses</u>
Publicly traded equity securities:			
ETFs & CEFs	\$ 281,873	\$ 255,613	\$ (26,260)
Certificates of deposit	<u>1,355,000</u>	<u>1,353,524</u>	<u>(1,476)</u>
Total investments	<u><u>\$ 1,636,873</u></u>	<u><u>\$ 1,609,137</u></u>	<u><u>\$ (27,736)</u></u>

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

CANCER CAREPOINT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 4 - INVESTMENTS IN MARKETABLE SECURITIES (Continued)

Net investment loss included in the statement of activities for the year ended December 31, 2018 consisted of the following:

Dividends and interest income	\$ 23,723
Net realized gain	565
Net unrealized loss	<u>(28,301)</u>
Net realized and unrealized loss on investments	<u>(27,736)</u>
Total investment loss	<u><u>\$ (4,013)</u></u>

NOTE 5 - PROPERTY AND EQUIPMENT

The components of property and equipment are as follows for the year ended December 31, 2018:

Property and equipment	
Equipment	\$ 63,831
Leasehold improvements	<u>198,624</u>
	262,455
Less accumulated depreciation	<u>(222,810)</u>
	<u><u>\$ 39,645</u></u>

Depreciation expense was \$41,969 for the year ended December 31, 2018.

CANCER CAREPOINT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets consisted of the following at December 31, 2018:

SCC Outreach and VMC Wig Bank	\$	41,998
Kaiser Permanente Mind/Body Exercise		18,573
El Camino Hospital		16,939
St. Andrew's - Family Care Project		5,970
Intero		5,893
Farrington Historical Society		5,742
President's Fund		4,707
Safeway		2,500
1440 Foundation on line Mind & Body		1,200
Heffernan		909
St. Andrew's - Counseling		782
Adobe Foundation for Nutrition		<u>50</u>
 Total	 \$	 <u><u>105,263</u></u>

Total release of restrictions was \$37,988 for the year ended December 31, 2018.

NOTE 7 - RELATED PARTY TRANSACTIONS

Donations from board members totaled \$189,588 for the year ended December 31, 2018.

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, 2018 to effectively record the lease at estimated fair value. Estimated fair value was determined by comparable leasing rates at December 31, 2018 in close proximity to the Organization's location.

NOTE 8 - 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 9 - LEASE

The Company leases office space under a long-term non-cancellable lease agreement, classified as an operating lease, which expires in 2019. Future minimum lease payments for 2019 are expected to be \$72,368.

CANCER CAREPOINT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 10 - 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. Matching contributions were \$25,000 for the year ended December 31, 2018.

NOTE 11 - SUBSEQUENT EVENTS

Subsequent events were evaluated through July 16, 2019, the date the financial statements were available to be issued.