

Cancer Support Community Delaware, Inc.

Financial Statements

December 31, 2018 and 2017

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ALBERO, KUPFERMAN & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND PROFESSIONAL SERVICES

Independent Auditor's Report

To the Board of Directors
Cancer Support Community Delaware, Inc.
Wilmington, Delaware

Report on the Financial Statements

We have audited the accompanying financial statements of Cancer Support Community Delaware, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2018, the related statements of activities, of functional expenses and of 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.

Auditor's 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 from 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 auditor's 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 Delaware, Inc. as of December 31, 2018, 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.

Report on Summarized Comparative Information

We have previously audited the Cancer Support Community Delaware, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 11, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Handwritten signature in cursive script that reads "Alberto Kuzfman / Associates, P.C."

April 8, 2019
Wilmington, Delaware

Cancer Support Community Delaware, Inc.

Statements of Financial Position

December 31, 2018

Assets

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 143,412	\$ 131,543
Accounts receivable	12,737	10,882
Prepaid expenses	<u>7,540</u>	<u>3,648</u>
Total current assets	<u>163,689</u>	<u>146,073</u>
PROPERTY AND EQUIPMENT		
Net of accumulated depreciation	<u>1,563,124</u>	<u>1,596,166</u>
OTHER ASSETS		
Donated artwork	34,029	34,029
Investment in Delaware Community Foundation	124,381	135,572
Other investments	<u>533,132</u>	<u>563,353</u>
Total other assets	<u>691,542</u>	<u>732,954</u>
TOTAL ASSETS	<u>\$ 2,418,355</u>	<u>\$ 2,475,193</u>

Liabilities and Net Assets

CURRENT LIABILITIES		
Accounts payable	\$ 14,609	\$ 9,967
Accrued payroll	469	638
Deferred income	15,000	45,760
Patient assistance funds payable	<u>8,228</u>	<u>-</u>
Total current liabilities	<u>38,306</u>	<u>56,365</u>
NET ASSETS		
Without donor restrictions	2,282,733	2,329,989
With donor restrictions	<u>97,316</u>	<u>88,839</u>
Total net assets	<u>2,380,049</u>	<u>2,418,828</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,418,355</u>	<u>\$ 2,475,193</u>

See accompanying notes to financial statements.

Cancer Support Community Delaware, Inc.

Statements of Activities

For the Year Ended December 31, 2018

with Summarized Comparative Information for the Year Ended December 31, 2017

	2018		2017
	Without Donor Restrictions	With Donor Restricted	Summarized Information
	Total	Total	
REVENUES AND OTHER SUPPORT			
Contributions and grants	\$ 229,215	\$ 57,235	\$ 301,578
Government grants	136,802	-	133,737
In-kind donations	22,819	-	48,478
Investment income	18,111	-	17,482
(Loss) gain on investments	(53,092)	-	59,515
Program revenue	32,925	-	34,615
Special events revenue - net	274,935	-	261,142
Net assets released from restrictions	48,758	(48,758)	-
Total revenues and other support	710,473	8,477	856,547
EXPENSES			
Programs	606,558	-	651,065
Management and general	54,146	-	54,136
Fundraising	97,025	-	98,745
Total expenses	757,729	-	803,946
CHANGE IN NET ASSETS	(47,256)	8,477	52,601
NET ASSETS - BEGINNING OF YEAR	2,329,989	88,839	2,366,227
NET ASSETS - END OF YEAR	\$ 2,282,733	\$ 97,316	\$ 2,418,828

See accompanying notes to financial statements.

Cancer Support Community Delaware, Inc.

Statements of Functional Expenses

For the Year Ended December 31, 2018 with

Summarized Information for the Year Ended December 31, 2017

	2018			2017
	Programs	Management & General	Fundraising	Summarized Information
	Total		Total	
EXPENSES				
Payroll expenses	\$ 281,412	\$ 29,029	\$ 69,025	\$ 429,958
Employee benefits	9,631	993	2,362	14,297
Total payroll and related expenses	291,043	30,022	71,387	444,255
Advertising and marketing	100	-	-	336
Bank charges	1,335	-	4,003	4,754
Computer expenses	13,815	1,425	3,388	18,911
Conferences and meetings	7,058	216	-	3,491
Depreciation	41,599	4,254	1,418	46,419
Dues and subscriptions	19,581	-	-	15,353
Facilities and grounds	55,419	4,827	1,609	49,585
Insurance	11,400	1,166	389	12,791
Investment expenses	-	6,132	-	5,786
Office supplies	9,452	985	2,342	5,162
Postage	3,238	334	794	3,637
Printing	2,696	278	661	5,876
Professional fees	35,229	3,634	8,641	60,730
Program supplies	100,018	68	265	109,413
Program travel	2,699	-	-	4,497
Telephone	7,801	805	1,913	10,266
Website and internet	4,075	-	215	2,684
TOTAL EXPENSES	\$ 606,558	\$ 54,146	\$ 97,025	\$ 803,946

See accompanying notes to financial statements.

Cancer Support Community Delaware, Inc.

Statements of Cash Flows

For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (38,779)	\$ 52,601
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	47,271	46,419
Realized gain on investments	(1,041)	(4,494)
Unrealized loss (gain) on investments	54,133	(55,021)
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable	(1,855)	622
(Increase) decrease in prepaid expenses	(3,892)	2,012
Increase (decrease) in accounts payable	4,642	(12,678)
Decrease in accrued payroll	(169)	(441)
(Decrease) increase in deferred income	(30,760)	21,435
Increase patient assistance funds	<u>8,228</u>	<u>-</u>
Net cash provided by operating activities	<u>37,778</u>	<u>50,455</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(14,229)	(14,889)
Transfer from investments	-	83,600
Proceeds from the sale of investments	127,951	200,249
Purchase of investments	<u>(139,631)</u>	<u>(236,737)</u>
Net cash (used in) provided by investing activities	<u>(25,909)</u>	<u>32,223</u>
NET INCREASE IN CASH	11,869	82,678
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>131,543</u>	<u>48,865</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 143,412</u>	<u>\$ 131,543</u>
 SUPPLEMENTAL DISCLOSURE OF NON-CASH FLOW INFORMATION		
Donated supplies and services	<u>\$ 22,819</u>	<u>\$ 48,478</u>

See accompanying notes to financial statements.

Cancer Support Community Delaware, Inc.

Notes to Financial Statements

Note A - Organization and Summary of Significant Accounting Policies

1. Purpose of the Organization

The Cancer Support Community Delaware, Inc. (the Organization) is leading the way in empowering people affected by cancer. Servicing all three counties of Delaware, we are dedicated to helping people with cancer and their loved ones by providing professionally led programs of emotional support, education and hope as an integral part of conventional medical treatment. All programs are offered free of charge. The Organization's major source of revenue are grants, donations from other organizations and individuals, including special event fundraising activities.

2. Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting. In accordance with the accrual basis of accounting, revenue is recognized when earned and expenditures are recognized when incurred.

3. Financial Statement Presentation

In accordance with accounting principles generally accepted in the United States of America, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

4. Cash and Cash Equivalents

Cash and cash equivalents include checking accounts, short – term savings and petty cash. The Organization considers all unrestricted highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash maintained in the brokerage account is intended for long-term investments and is included in the value of the other investments.

5. Accounts Receivables and Allowance for Doubtful Accounts

Accounts receivable consist of grants receivables at the end of the year that arise in the normal course of business. The Organization has determined that all grants receivable to be fully collectible after year end.

Cancer Support Community Delaware, Inc.

Notes to Financial Statements

Note A - Organization and Summary of Significant Accounting Policies (Continued)

6. Investments

Investments are managed by an independent advisor and consist of marketable securities which are valued at their fair market value in the statements of financial position. Unrealized gains and losses are included in the statements of activities. The Organization's investment in the Delaware Community Foundation (DCF) is recognized in accordance with generally accepted accounting standards. Earnings, fees, and unrealized gains and losses are included in the statements of activities.

7. Property and Equipment

Property and equipment with an estimated useful life in excess of one year and a value in excess of \$1,000 are recorded at cost, if purchased, and at fair market value, if donated. Maintenance, repairs and minor renewals are charged directly to expense as incurred. Additions and betterments to property and equipment are capitalized. When assets are disposed of, the related cost and accumulated depreciation thereon are removed from the accounts, and any resulting gain or loss is included in the statements of activities.

Depreciation is computed using the straight-line method based upon the estimated useful lives of the related assets. The useful lives for purposes of computing depreciation are as follows:

Buildings and improvements	3 - 40 years
Land and improvements	5 - 15 years
Equipment and furniture	5 - 10 years
Software	3 - 5 years

8. Works of Art

The Organization has elected to carry donated works of art at their historical fair market value and not to depreciate these assets. Each of the items are cataloged, preserved and cared for, and activities verifying their existence and assessing their condition are performed continually.

9. Contributions Restricted and Unrestricted Support and Revenue

In accordance with accounting principles generally accepted in the United States of America, contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Cancer Support Community Delaware, Inc.

Notes to Financial Statements

Note A - Organization and Summary of Significant Accounting Policies (Continued)

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed services are not recognized as revenues unless the services received create or enhance the value of a non-financial asset; or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by volunteers.

10. Advertising Expense

The Organization expenses the production costs of advertising when incurred. Advertising totaled \$100 and \$336 for the years ended December 31, 2018 and 2017, respectively.

11. Employee Benefit Plan

The Organization established a 403(b) plan to which eligible employees can voluntarily contribute. Contributions to the Plan can be made at the discretion of the Board of Directors. The Organization has not made any contributions to the Plan since it was established.

12. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

13. Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information which has been presented in total only and not by net asset class or functional expense. Accordingly, such information should be read in conjunction with the Organization's prior year financial statements from which the summarized information was derived.

Cancer Support Community Delaware, Inc.

Notes to Financial Statements

Note A - Organization and Summary of Significant Accounting Policies (Continued)

14. Income Taxes

The Organization has elected to be classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, it is not subject to state or federal income taxes. Therefore, no provision or liability for income tax is presented in these financial statements.

The Organization accounts for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. The Organization recognizes accrued interest and penalties associated with uncertain tax positions, if any, as a component of functional expenses. The Organization did not have any income tax uncertainties that were considered greater than remote.

15. Fair Value Measurements

The Organization adopted the Fair Value Measurements standard for assets and liabilities measured at fair value on a recurring basis. The standard defines fair value and establishes a hierarchy for reporting the reliability of input measurements used to assess fair value for all assets and liabilities. The hierarchy consists of three broad levels:

- Level 1 Observable inputs such as quoted market prices in active markets for identical assets or liabilities.
- Level 2 Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3 Unobservable inputs for which there is little or no market data, which require the use of the reporting entity’s own assumptions.

16. Management 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of public support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cancer Support Community Delaware, Inc.

Notes to Financial Statements

Note B - Cash and Cash Equivalents

Cash and cash equivalents consist of the following as of December 31,:

	<u>2018</u>	<u>2017</u>
Checking accounts	\$ 36,163	\$ 22,561
Savings accounts	98,445	108,420
Petty cash	576	562
Restricted cash	8,228	-
Total	<u>\$ 143,412</u>	<u>\$ 131,543</u>

Restricted cash represents amounts received from the Incyte Foundation to provide cancer patients in need with financial assistance to pay for medical expenses and basic living expense during their treatments.

Note C - Beneficial Interest in Assets Held at Delaware Community Foundation

The Organization recognizes its interest in the net assets of the Delaware Community Foundation (DCF) as a Level 3 investment, as defined above, in accordance with generally accepted accounting principles. The Organization's funds are a component fund of the DCF which are held and invested on a comingled, unitized basis there are no securities independently held in the name of the Organization. The income earned and change in value is recorded with investment income on a quarterly basis. The fair value of the Investment in DCF is based on a percentage interest of those assets' fair value as represented by the DCF's management. The combined fair market value of the two funds held at DCF for the years ended December 31, 2018 and 2017 was \$124,381 and \$135,572, respectively.

Note D - Investments

Investments in marketable securities are measured at fair market value on a recurring basis. Investments are managed by an independent advisor in accordance with the Organization's investment policy. The following investments that were held as of December 31, 2018 are classified as Level 1:

	<u>2018</u>	<u>2017</u>
Money market funds	\$ 53,427	\$ 32,343
Exchange traded funds	283,500	345,798
Fixed income	<u>196,205</u>	<u>185,212</u>
Total	<u>\$ 533,132</u>	<u>\$ 563,353</u>

Cancer Support Community Delaware, Inc.

Notes to Financial Statements

Note D - Investments (Continued)

Investment income and its classification in the statements of activities is as follows for the years ended December 31,:

	<u>2018</u>	<u>2017</u>
Investment income		
Interest income - banks	\$ 299	\$ 205
Dividends and income earned	<u>17,812</u>	<u>17,277</u>
	<u>\$ 18,111</u>	<u>\$ 17,482</u>
 (Loss) gain on investments		
Realized gains	\$ 1,041	\$ 4,494
Unrealized (losses) gains	<u>(54,133)</u>	<u>55,021</u>
	<u>\$ (53,092)</u>	<u>\$ 59,515</u>
 Investment fees	<u>\$ (6,132)</u>	<u>\$ (5,785)</u>

Investment income reflects the activity of both the brokerage account, classified as Level 1 and the funds held by the Delaware Community Foundation, classified as Level 3.

Note E - Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date, at December 31,:

	<u>2018</u>	<u>2017</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 143,412	\$ 131,543
Donations receivable	12,737	10,882
Investments	<u>657,513</u>	<u>698,925</u>
Total financial assets	<u>813,662</u>	<u>841,350</u>
 Less amounts not available to be used within one year:		
Cash restricted for patience assistance program	8,228	-
Net assets with donor restrictions	<u>97,316</u>	<u>88,839</u>
	<u>105,544</u>	<u>88,839</u>
 Financial assets available to meet general expenditures over the next twelve months	<u>\$ 708,118</u>	<u>\$ 752,511</u>

Cancer Support Community Delaware, Inc.

Notes to Financial Statements

Note F - Property and Equipment

Property and equipment consisted of the following as of December 31,:

	<u>2018</u>	<u>2017</u>
Buildings and improvements	\$ 1,542,663	\$ 1,528,436
Land and improvements	567,432	567,432
Equipment and furniture	121,314	122,421
Software	<u>60,215</u>	<u>59,106</u>
Total	2,291,624	2,277,395
Less: accumulated depreciation	<u>728,500</u>	<u>681,229</u>
Property and equipment - net	<u>\$ 1,563,124</u>	<u>\$ 1,596,166</u>

Depreciation expense was \$47,271 and \$46,419 for the years ended December 31, 2018 and 2017, respectively.

Note G - Patient Assistant Funds Payable

During the year, the Organization partnered with the Incyte Foundation to allow residents in active treatment in Delaware with demonstrated need access to emergency funds to assist with medical expenses and basic living expenses, such as rent, mortgage, utilities or transportation. The Organization maintains the funds in a separate bank account and a designated committee review and approves all applications. They have determined a maximum assistance of \$3,000 per patient.

Incyte Foundation has committed \$100,000 a year for five years. During the year ending December 31, 2018, the Organizations provided \$91,772 in assistance to patients in need.

Note H - Net Assets with Donor Restrictions

Net assets with donor restrictions for the following purposes as of December 31,:

	<u>2018</u>	<u>2017</u>
VAV System	\$ 3,445	\$ 5,000
Health Coaching	65,552	45,000
Center Improvements	<u>28,319</u>	<u>38,839</u>
	<u>\$ 97,316</u>	<u>\$ 88,839</u>

Cancer Support Community Delaware, Inc.

Notes to Financial Statements

Note I - Board Designated Funds

The Organization received a bequest from the estate of an active volunteer in Sussex County. The Board has designated the funds to be used for Sussex County programs, with earnings available to be used annually. The funds are being held as a separate fund at the DCF. The values of the funds were \$101,421 and \$110,546 as of December 31, 2018 and 2017, respectively.

Note J - Special Events

The contributions raised through special events provides significant resources to the Organization which allows it to continue to fulfill its mission. Special events revenue is reported net of the direct expenses incurred on the statement of activities while other fundraising expenses are allocated to the fundraising expenses on the statements of functional expenses.

Fundraising income and expenses are as follows for the years ending December 31,:

	<u>2018</u>	<u>2017</u>
Fundraising income	\$ 355,185	\$ 336,138
Fundraising expense	<u>(80,250)</u>	<u>(74,996)</u>
Special events revenue - net	<u>\$ 274,935</u>	<u>\$ 261,142</u>
Direct fundraising expense	22.59%	22.31%

Note K - National Affiliation

The Organization is a licensed affiliate of and accredited by Cancer Support Community Inc. The national organization defines the roles and expectations for each affiliate. As a member, the Organization follows the guidelines and adheres to the policies of the national organization. They also pay annual dues to the national organization which were \$7,500, for the years ended December 31, 2018 and 2017.

Note L - Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, some expenses are required to be allocated on a reasonable basis that is consistently applied. The Organization allocates the following expenses: salaries, payroll taxes and employee benefits, office supplies, professional fees and telephone based on the time and effort each employee spends on a particular program or supporting function. Additional expenses, such as depreciation, facility and grounds expenses, maintenance are allocated based on square footage of the buildings.

Cancer Support Community Delaware, Inc.

Notes to Financial Statements

Note M – Commitments and Contingencies

In the normal course of business, there are outstanding various commitments and contingencies in addition to the normal purchases of goods and services. The Organization does not anticipate losses as a result of these commitments and contingencies.

Note N - Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk are principally cash balances and marketable securities.

1. Cash Balances

The Organization, in the ordinary course of business, maintains cash balances in various financial institutions. For the years ended December 31, 2018 and 2017, the balances of both interest and non-interest-bearing accounts were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances on all accounts held at the financial institutions are added together, and any amounts over the limit is considered uninsured. At times, balances may exceed insured limits; however, management does not feel it is exposed to any significant credit risk with respect to uninsured balances maintained at financial institutions.

2. Marketable Securities

The Organization maintains marketable securities with a brokerage firm located in the United States which is insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000, which includes a \$250,000 limit for cash. At times, balances may exceed insured limits; however, management does not feel it is exposed to any significant credit risk with respect to uninsured balances maintained at the brokerage firm.

Note O - Subsequent Events

The Organization evaluated its December 31, 2018 financial statements for subsequent events through April 8, 2019, the date the financial statements were available to be issued.