



**CANCER SUPPORT COMMUNITY LOS ANGELES**

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**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

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## **INDEPENDENT AUDITORS' REPORT**

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To the Board of Directors  
Cancer Support Community Los Angeles

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Cancer Support Community Los Angeles (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2017, and the related Statements of Activities and Changes in Net Assets, 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 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 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 Los Angeles as of December 31, 2017, 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.

## INDEPENDENT AUDITORS' REPORT

continued

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### Other Matter

#### *Report on Summarized Comparative Information*

We have previously audited the Cancer Support Community – Benjamin Center's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 4, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Harrington Group*

Pasadena, California  
September 27, 2018

**CANCER SUPPORT COMMUNITY LOS ANGELES**

STATEMENT OF FINANCIAL POSITION

December 31, 2017

With comparative totals at December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>					
Cash	\$ 44,531	\$ -	\$ -	\$ 44,531	\$ 69,939
Pledges and bequest receivables (Note 2)	21,635			21,635	35,425
Prepaid expenses and other assets	27,835			27,835	55,746
Investments (Note 3)	3,367,455		2,745,000	6,112,455	5,703,295
Property and equipment (Note 4)	339,110			339,110	431,229
<b>TOTAL ASSETS</b>	<u>\$ 3,800,566</u>	<u>\$ -</u>	<u>\$ 2,745,000</u>	<u>\$ 6,545,566</u>	<u>\$ 6,295,634</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 34,241	\$ -	\$ -	\$ 34,241	\$ 25,413
Accrued liabilities (Note 5)	59,336			59,336	101,143
Deferred rent (Note 6)	218,441			218,441	280,245
Line of credit	297,288			297,288	-
<b>TOTAL LIABILITIES</b>	<u>609,306</u>	<u>-</u>	<u>-</u>	<u>609,306</u>	<u>406,801</u>
<b>NET ASSETS</b>					
Unrestricted	3,191,260			3,191,260	3,143,833
Permanently restricted (Note 9)			2,745,000	2,745,000	2,745,000
<b>TOTAL NET ASSETS</b>	<u>3,191,260</u>	<u>-</u>	<u>2,745,000</u>	<u>5,936,260</u>	<u>5,888,833</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,800,566</u>	<u>\$ -</u>	<u>\$ 2,745,000</u>	<u>\$ 6,545,566</u>	<u>\$ 6,295,634</u>

The accompanying notes are an integral part of these financial statements.

**CANCER SUPPORT COMMUNITY LOS ANGELES**

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2017

With comparative totals for the year ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2017</u>	<u>2016</u>
<b>REVENUE AND SUPPORT</b>					
Investment gain income	\$ 672,726	\$ -	\$ -	\$ 672,726	\$ 495,521
Contribution and foundation grants	560,713			<b>560,713</b>	645,335
Special events, net of expenses of \$103,958	249,589			<b>249,589</b>	236,698
<b>TOTAL REVENUE AND SUPPORT</b>	<u>1,483,028</u>	<u>-</u>	<u>-</u>	<b><u>1,483,028</u></b>	<u>1,377,554</u>
<b>EXPENSES</b>					
Program services	1,072,059			<b>1,072,059</b>	1,023,403
General and administrative	118,743			<b>118,743</b>	95,847
Fundraising	244,799			<b>244,799</b>	231,175
<b>TOTAL EXPENSES</b>	<u>1,435,601</u>	<u>-</u>	<u>-</u>	<b><u>1,435,601</u></b>	<u>1,350,425</u>
<b>CHANGE IN NET ASSETS</b>	47,427	-	-	<b>47,427</b>	27,129
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>3,143,833</u>	<u>-</u>	<u>2,745,000</u>	<b><u>5,888,833</u></b>	<u>5,861,704</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 3,191,260</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,745,000</u></u>	<b><u><u>\$ 5,936,260</u></u></b>	<u><u>\$ 5,888,833</u></u>

The accompanying notes are an integral part of these financial statements.

**CANCER SUPPORT COMMUNITY LOS ANGELES**

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2017

With comparative totals for the year ended December 31, 2016

	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total Expenses</b>	
				<b>2017</b>	<b>2016</b>
Personnel expenses	\$ 537,552	\$ 61,327	\$ 183,601	\$ 782,480	\$ 750,094
Occupancy	244,168	9,530	9,530	263,228	253,267
Depreciation and amortization expense	87,192	4,868	4,868	96,928	101,367
Marketing expense	43,394	14,448	15,724	73,566	7,546
Professional fees	33,566	4,476	6,713	44,755	54,565
Outside services	27,071	8,942	6,632	42,645	51,932
Insurance	13,879	1,822	6,813	22,514	30,541
Program supplies	21,023			21,023	18,809
Office supplies	15,119	1,124	3,387	19,630	15,539
Printing and reproduction	8,976	528	4,481	13,985	13,148
National expense	13,525			13,525	14,023
Meetings and conferences	12,492	32	14	12,538	6,837
Bank charges and credit card fees		10,784		10,784	10,324
Telephone	7,828	435	435	8,698	8,417
Postage and delivery	4,104	241	1,506	5,851	7,073
Employee and volunteer relations	1,001	186	434	1,621	2,022
Outreach expense	1,169		371	1,540	3,848
Miscellaneous			290	290	1,073
<b>TOTAL 2017 FUNCTIONAL EXPENSES</b>	<b>\$ 1,072,059</b>	<b>\$ 118,743</b>	<b>\$ 244,799</b>	<b>\$ 1,435,601</b>	
<b>TOTAL 2016 FUNCTIONAL EXPENSES</b>	<b>\$ 1,023,403</b>	<b>\$ 95,847</b>	<b>\$ 231,175</b>		<b>\$ 1,350,425</b>

The accompanying notes are an integral part of these financial statements.

## CANCER SUPPORT COMMUNITY LOS ANGELES

### STATEMENT OF CASH FLOWS

For the year ended December 31, 2017

With comparative totals for the year ended December 31, 2016

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 47,427	\$ 27,129
Adjustments to reconcile change in net assets to net cash (used) by operating activities:		
Depreciation and amortization	96,928	101,367
Realized and unrealized (gain) on investments	(517,414)	(352,297)
Reinvested interest and dividends, net of expense	(147,658)	(143,660)
Partnership investments	(1,232)	7,643
(Increase) decrease in operating assets:		
Pledges and bequest receivable	13,790	(15,154)
Prepaid expenses	27,911	1,227
Increase (decrease) in operating liabilities:		
Accounts payable	8,828	6,966
Accrued liabilities	(41,807)	4,316
Deferred rent	(61,804)	(55,395)
	<b>(575,031)</b>	<b>(417,858)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(4,809)	(12,761)
Purchase of investments	(545,533)	(54,768)
Proceeds from sale of investments	802,677	97,996
	<b>252,335</b>	<b>30,467</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net borrowings under line of credit agreement	297,288	-
	<b>297,288</b>	<b>-</b>
<b>NET (DECREASE) IN CASH</b>	<b>(25,408)</b>	<b>(387,391)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>69,939</b>	<b>457,330</b>
<b>CASH, END OF YEAR</b>	<b>\$ 44,531</b>	<b>\$ 69,939</b>
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Cash paid for interest:	<b>\$ 4,689</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements.



# CANCER SUPPORT COMMUNITY LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

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### 1. **Organization**

Cancer Support Community Los Angeles, (“the Community”) is a California-based 501(c)(3) organization that provides psychological and emotional support to cancer patients and their families via a program of group support, healthy lifestyle classes, educational workshops, social activities and child, family and teen programs. The mission is to ensure that all people impacted by cancer are empowered by knowledge, strengthened by action, and sustained by community. The vision is that no one should have to face cancer alone. All services are offered at no cost to the participant and are geared towards reducing the isolation, stress, and depression that often accompany a cancer diagnosis. Founded in 1982 by Harold H. Benjamin, Ph.D. and Harriet Benjamin, the Community is the founding organization of what is now an international affiliate system based in Washington, DC with almost 50 chapters, making the Community the largest provider of psychosocial support for people affected by cancer. The Community is funded principally through the private sector with ongoing support from corporations, foundations, and individuals, as well as special fundraising events.

Cancer Support Community Los Angeles, formerly Cancer Support Community – Benjamin Center, changed its’ name effective December 27, 2016.

### 2. **Summary of Significant Accounting Policies**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

#### **Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting.

#### **Accounting**

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the Community are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

**Unrestricted.** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

# CANCER SUPPORT COMMUNITY LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

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### 2. Summary of Significant Accounting Policies, continued

**Temporarily Restricted.** The Community reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities, as net assets released from program or capital restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. There were no temporarily restricted net assets at December 31, 2017.

**Permanently Restricted.** These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit the Community to expend all of the income (or other economic benefits) derived from the donated assets. The Community had \$2,745,000 of permanently restricted net assets at December 31, 2017.

#### Grant Funding

The Community receives multi-year grant funding from various sources, which, in accordance with generally accepted accounting principles, are recorded in the period received or pledged. However, expenditures related to these grants can occur over several years. As a result, timing differences are created which can have an effect on changes in net assets.

#### Pledges and Bequest Receivables

Pledges receivable are recorded as support when pledged, unless designated otherwise. All pledges are valued at their estimated fair value at December 31, 2017. Pledges receivable are deemed fully collectible within one year. Therefore, no allowance or discount for pledges receivable has been recorded. The Community recognizes a bequest gift when the donor's will has been declared valid by the Probate Court and the value of the amount to be received, based on the estate's net assets, is determinable. Bequest receivable are generally expected to be collected within one year. At December 31, 2017, the Community had \$21,635 in pledges and bequest receivables.

#### Investments

The Community values its investments at fair value. Unrealized gains or losses (including investments bought, sold, and held during the year) are reflected in the Statement of Activities as gain or (loss) on investments. Short-term highly liquid money market deposits that are not used for operations are treated as investments.

#### Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

# CANCER SUPPORT COMMUNITY LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

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### 2. Summary of Significant Accounting Policies, continued

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

The Community is required to measure certain investments at fair value. The specific techniques used to measure fair value for the financial statement element is described in the notes below that relates to the element.

#### **Concentration of Credit Risks**

The Community maintains its temporary cash investments in bank deposit accounts and other investment accounts which, at times, may exceed the Federal Deposit Insurance Corporation insurance limit. The Community has not experienced any losses in such accounts. The Community believes it is not exposed to any significant credit risk on cash and cash equivalents.

#### **Property and Equipment**

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred while renewals and betterments are capitalized. Property and equipment are capitalized if the cost of an asset is greater than or equal to one thousand dollars and the useful life is greater than one year.

#### **Donated Materials and Services**

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. For the year ended December 31, 2017, the Community received \$22,809 in in-kind contributions.

# CANCER SUPPORT COMMUNITY LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

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### 2. Summary of Significant Accounting Policies, continued

#### **Income Taxes**

The Community is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Community in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Community's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

#### **Functional Allocation of Expenses**

Costs of providing the Community's program and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The Community uses salary dollars and square footage to allocate indirect costs.

#### **Use of 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 reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

#### **Comparative Totals**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Community's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

#### **Subsequent Events**

Management has evaluated subsequent events through September 27, 2018, the date which the financial statements were available for issue.

Subsequent to the year end, the invested funds from permanently restricted net assets, totaling \$249,905, was fully paid. The financial statements as of December 31, 2017 do not include any adjustments resulting from this transaction. See related disclosure in note 9.

continued

## CANCER SUPPORT COMMUNITY LOS ANGELES

### NOTES TO FINANCIAL STATEMENTS

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#### 3. Investments

Investments at December 31, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Equities	\$3,527,685	\$3,051,926
Mutual funds	2,301,957	2,269,823
Fidelity mortgage lenders	249,905	249,952
Cash equivalents	44,474	144,392
Investment in partnerships	<u>(11,566)</u>	<u>(12,798)</u>
	<u>\$6,112,455</u>	<u>\$5,703,295</u>

#### 4. Property and Equipment

Property and equipment at December 31, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Leasehold improvements	\$ 783,543	\$ 783,543
Furniture and fixtures	130,681	127,680
Office equipment	150,251	148,443
Software	<u>37,800</u>	<u>37,800</u>
	1,102,275	1,097,466
Less: accumulated depreciation and amortization	<u>(763,165)</u>	<u>(666,237)</u>
	<u>\$ 339,110</u>	<u>\$ 431,229</u>

Depreciation and amortization expense for the year ended December 31, 2017 and 2016 was \$96,928 and \$101,367, respectively.

#### 5. Accrued Liabilities

Accrued liabilities at December 31, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Accrued vacation	\$58,820	\$ 76,272
Other accrued liabilities	<u>516</u>	<u>24,871</u>
	<u>\$59,336</u>	<u>\$101,143</u>

continued

# CANCER SUPPORT COMMUNITY LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

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### 6. Deferred Rent

The Community recognizes rent holidays, including the time period during which the Community had access to the property prior to the opening of the site as well as escalating rent provisions and reimbursements received for the office improvement, on a straight-line basis over the term of the lease. At December 31, 2017 and 2016, deferred rent was \$218,441 and \$280,245, respectively.

### 7. Commitments and Contingencies

#### Obligations Under Operating Leases

The Community leases office space under an operating lease through November 2020. The lease provides for annual base rent of \$189,809. In all subsequent lease years, base rent will reflect an estimated 3% Consumer Price Index increase. As provided in the agreement, the Community received certain reimbursements relating to the move to the new facility. The Community also received reduced rent for the first 30 months of the lease term. Future minimum payments, by year and in aggregate, under these leases with initial or remaining terms of one year or more consist of the following:

<u>Year ended December 31,</u>	
2018	\$226,801
2019	233,599
2020	<u>220,011</u>
	<u>\$680,411</u>

Rent expense under facility operating lease for the year ended December 31, 2017 and 2016 was \$263,228 and \$253,267, respectively.

# CANCER SUPPORT COMMUNITY LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

### 8. Fair Value Measurements

The table below presents the balances of assets measured at fair value at December 31, 2017 on recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities:				
Foreign large blend	\$ 793,151	\$ -	\$ -	\$ 793,151
Large value	790,088			790,088
Mid value	604,203			604,203
Small value	515,718			515,718
Foreign large value	350,594			350,594
Small cap	132,377			132,377
Foreign small/mid blend	117,322			117,322
Europe stock	113,627			113,627
Large growth	110,605			110,605
Mutual funds:				
Multi sector bond		969,971		969,971
Intermediate-term bond		905,445		905,445
High yield bond		218,633		218,633
Bank loan		207,908		207,908
Fidelity mortgage lenders			249,905	249,905
Investment in partnerships			(11,566)	(11,566)
	<u>\$3,527,685</u>	<u>\$2,301,957</u>	<u>\$238,339</u>	<u>\$6,067,981</u>

The fair value of equities have been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

The fair value of mutual funds have been measured on a recurring basis using quoted prices for identical assets in active markets (Level 2 inputs).

The fair value of fidelity mortgage lenders and investment in partnerships, have been measured on a non-recurring basis using estimates with the best information available when there is little or no market (Level 3 inputs).

The tables below set forth the summary of changes in the fair value of the Community's Level 3 assets for the year ended December 31, 2017:

	<u>Investment in Partnerships</u>	<u>Fidelity Mortgage Lender</u>	<u>Total</u>
Balance at December 31, 2016	\$(12,798)	\$249,952	\$237,154
Interest and dividends			
Partnership income	1,232		1,232
Transfer out		(47)	(47)
Balance at December 31, 2017	<u>\$(11,566)</u>	<u>\$249,905</u>	<u>\$238,339</u>

continued

## CANCER SUPPORT COMMUNITY LOS ANGELES

### NOTES TO FINANCIAL STATEMENTS

#### 8. Fair Value Measurements, continued

The table below present transactions measured at fair value on a non-recurring basis during the year ended December 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Contributed materials	\$ -	\$22,809	\$ -	\$22,809
Pledge receivable (current year)	<u>          </u>	<u>          </u>	<u>21,635</u>	<u>21,635</u>
	<u>\$ -</u>	<u>\$22,809</u>	<u>\$21,635</u>	<u>\$44,444</u>

The fair value of contributed materials have been measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).

The fair value of current year pledged contributions is measured on a non-recurring basis using the value provided by the donor at the date of the pledge and based on likelihood of payment (Level 3 inputs).

The table below presents the balances of assets measured at fair value at December 31, 2016 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities:				
Large value	\$ 654,104	\$ -	\$ -	\$ 654,104
Foreign large blend	760,304			760,304
Large growth	379,498			379,498
Mid value	307,555			307,555
Mid growth	228,413			228,413
Small value	469,964			469,964
Small cap	120,689			120,689
Preferred stock	96,299			96,299
Diversified emerging markets	35,100			35,100
Mutual funds:				
Multi sector bond		942,615		942,615
Intermediate term bond		904,593		904,593
High yield bond		214,148		214,148
Bank loan		208,467		208,467
Fidelity mortgage lenders			249,952	249,952
Investment in partnerships			<u>(12,798)</u>	<u>(12,798)</u>
	<u>\$3,051,926</u>	<u>\$2,269,823</u>	<u>\$237,154</u>	<u>\$5,558,903</u>

The fair value of equities have been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

The fair value of mutual funds have been measured on a recurring basis using quoted prices for identical assets in active markets (Level 2 inputs).

continued



## CANCER SUPPORT COMMUNITY LOS ANGELES

### NOTES TO FINANCIAL STATEMENTS

#### 8. Fair Value Measurements, continued

The fair value of fidelity mortgage lenders and investment in partnerships, have been measured on a non-recurring basis using estimates with the best information available when there is little or no market (Level 3 inputs).

The tables below set forth the summary of changes in the fair value of the Community's Level 3 assets for the year ended December 31, 2016:

	<u>Investment in Partnerships</u>	<u>Fidelity Mortgage Lender</u>	<u>Total</u>
Balance at December 31, 2015	\$ (5,155)	\$277,955	\$272,800
Interest and dividends			-
Partnership income	(7,643)		(7,643)
Transfer out		<u>(28,003)</u>	<u>(28,003)</u>
Balance at December 31, 2016	<u>\$(12,798)</u>	<u>\$249,952</u>	<u>\$237,154</u>

The table below present transactions measured at fair value on a non-recurring basis during the year ended December 31, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Contributed materials	\$ -	\$40,061	\$ -	\$40,061
Pledged receivable (current year)			<u>35,425</u>	<u>35,425</u>
	<u>\$ -</u>	<u>\$40,061</u>	<u>\$35,425</u>	<u>\$75,486</u>

The fair value of contributed materials have been measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).

The fair value of current year pledged contributions is measured on a non-recurring basis using the value provided by the donor at the date of the pledge and based on likelihood of payment (Level 3 inputs).

# CANCER SUPPORT COMMUNITY LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

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### 9. Permanently Restricted Net Assets and Endowment Funds

Permanently restricted net assets represent contributions for which the donor has stipulated that the principal is to be kept intact in perpetuity and only the interest and dividends therefrom may be expended for unrestricted purposes. At December 31, 2017, the Community's endowment consists of \$2,745,000 donor restricted funds which are included in permanently restricted net assets. Of the total donor restricted funds, \$249,905 was invested with Fidelity Mortgage Lenders, Inc. a trust deed secured by residential property in California. These trust deeds have been subsequently paid after year end (see related disclosure in note 2). The balance of permanently restricted net assets of \$2,495,095 is invested in equities, bonds, and mutual fund accounts. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

In accordance with the *Uniform Prudent Management of Institutional Funds Act* ("UPMIFA"), (a federal law that was adopted as California law in September 2008), the Community has classified as permanently restricted the fair value of donations restricted by donors which were to be held as endowments in perpetuity. As a result, permanently restricted net assets include the fair value of the original and subsequent gifts made to the endowment fund and any accumulations required by donor stipulation. The donors allow the Community to use all income and gains from permanently restricted endowments for general or unrestricted purposes.

The primary long-term financial objective for the Community's endowment is to preserve the real (inflation-adjusted) purchasing power of endowment assets. The endowments are also managed to optimize the long run total rate of return on invested assets assuming a prudent level of risk. The goal for this rate of return is one that funds the Community's existing spending policy and allows sufficient reinvestment to grow the endowment principal at a rate that exceeds inflation (as measured by the Consumer Price Index). Over the short term, the return for each element of the endowment portfolio should match or exceed each of the returns for the broader capital markets in which assets are invested.

# CANCER SUPPORT COMMUNITY LOS ANGELES

## NOTES TO FINANCIAL STATEMENTS

### 9. Permanently Restricted Net Assets and Endowment Funds, continued

Endowment net assets composition by type of funds as of December 31, 2017, consist of the following:

	<b>Permanently Restricted</b>	<b>Total Endowment Assets</b>
Donor restricted endowment funds	<u>\$2,745,000</u>	<u>\$2,745,000</u>

Changes in endowment net assets for the year ended December 31, 2017 are as follow:

	<b>Unrestricted</b>	<b>Permanently Restricted</b>	<b>Total Endowment Assets</b>
Endowment net assets, beginning of year	\$ -	\$2,745,000	\$2,745,000
Investment income	82,694		82,694
Unrealized gain	217,477		217,477
Investment fees	(18,660)		(18,660)
Appropriation – operations	<u>(281,511)</u>		<u>(281,511)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$2,745,000</u>	<u>\$2,745,000</u>

Endowment net assets composition by type of funds as of December 31, 2016, consist of the following:

	<b>Permanently Restricted</b>	<b>Total Endowment Assets</b>
Donor restricted endowment funds	<u>\$2,745,000</u>	<u>\$2,745,000</u>

Changes in endowment net assets for the year ended December 31, 2016 are as follow:

	<b>Unrestricted</b>	<b>Permanently Restricted</b>	<b>Total Endowment Assets</b>
Endowment net assets, beginning of year	\$ -	\$2,745,000	\$2,745,000
Investment income	78,264		78,264
Unrealized gain	148,827		148,827
Investment fees	(17,397)		(17,397)
Appropriation – operations	<u>(209,694)</u>		<u>(209,694)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$2,745,000</u>	<u>\$2,745,000</u>

continued

## CANCER SUPPORT COMMUNITY LOS ANGELES

### NOTES TO FINANCIAL STATEMENTS

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#### 10. Retirement Plan

The Community maintains a 403(b) plan for its employees. The plan includes discretionary employer contributions up to 5% of an eligible employee's salary. The Community did not make any discretionary contributions to the plan for the year ended December 31, 2017.

The Community had a Simplified Employee Pension Plan ("the Plan"), and in the sole discretion of the Board of Directors, contributed an amount up to 5% of an eligible employees salary on a discretionary basis, to each eligible employee's SEP-IRA account. The Community made a discretionary contribution of \$24,697 to the Plan for the year ended December 31, 2016. Future employee and discretionary employer contributions will be made to the 403(b) plan.