

**Cancer Support Community Los Angeles**

**Financial Statements  
and Independent Auditor's Report**

**December 31, 2021**

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# Cancer Support Community Los Angeles

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## Independent Auditor's Report

To the Board of Directors  
Cancer Support Community Los Angeles

### *Opinion*

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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Cancer Support Community Los Angeles as of December 31, 2021, 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.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cancer Support Community Los Angeles and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cancer Support Community Los Angeles' ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Cancer Support Community Los Angeles' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cancer Support Community Los Angeles' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### Report on Summarized Comparative Information

We have previously audited Cancer Support Community Los Angeles' 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated November 23, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Los Angeles, California  
December 2, 2022

## Cancer Support Community Los Angeles

### Statement of Financial Position December 31, 2021 With Summarized Totals at December 31, 2020

	2021			2020
	Without donor restrictions	With donor restrictions	Total	Total
<b>Assets</b>				
Cash	\$ 258,550	\$ 15,500	\$ 274,050	\$ 345,396
Pledges receivable	27,795	-	27,795	-
Prepaid expenses and other assets	25,749	-	25,749	25,749
Investments	1,772,168	2,745,000	4,517,168	4,277,183
Property and equipment, net	82,709	-	82,709	112,806
Artwork	100,543	-	100,543	100,543
<b>Total assets</b>	<b>\$ 2,267,514</b>	<b>\$ 2,760,500</b>	<b>\$ 5,028,014</b>	<b>\$ 4,861,677</b>
<b>Liabilities and net assets</b>				
Accounts payable	\$ 3,500	\$ -	\$ 3,500	\$ 3,500
Accrued liabilities	100,857	-	100,857	86,847
Deferred rent	32,484	-	32,484	194
Line of credit	380,000	-	380,000	180,000
Capital lease obligations	72,968	-	72,968	96,469
PPP loan payable	-	-	-	158,200
<b>Total liabilities</b>	<b>589,809</b>	<b>-</b>	<b>589,809</b>	<b>525,210</b>
<b>Commitments and contingencies</b>				
<b>Net assets</b>				
Without donor restrictions	1,677,705	-	1,677,705	1,591,467
With donor restrictions	-	2,760,500	2,760,500	2,745,000
<b>Total net assets</b>	<b>1,677,705</b>	<b>2,760,500</b>	<b>4,438,205</b>	<b>4,336,467</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,267,514</b>	<b>\$ 2,760,500</b>	<b>\$ 5,028,014</b>	<b>\$ 4,861,677</b>

See Notes to Financial Statements.

## Cancer Support Community Los Angeles

### Statement of Activities Year Ended December 31, 2021 With Summarized Totals for the Year Ended December 31, 2020

	2021			2020
	Without donor restrictions	With donor restrictions	Total	Total
Support and revenues				
Contributions and foundation grants	\$ 631,422	\$ -	\$ 631,422	\$ 978,292
Government grants	34,500	15,500	50,000	60,000
Special events, net of expenses of \$28,957	93,941	-	93,941	61,049
Investment income (loss)	560,968	-	560,968	(12,658)
PPP loan forgiveness	321,912	-	321,912	-
<b>Total support and revenues</b>	<b>1,642,743</b>	<b>15,500</b>	<b>1,658,243</b>	<b>1,086,683</b>
Expenses				
Programs services	1,176,460	-	1,176,460	1,125,491
General and administrative	151,973	-	151,973	135,226
Fundraising	228,072	-	228,072	245,746
<b>Total expenses</b>	<b>1,556,505</b>	<b>-</b>	<b>1,556,505</b>	<b>1,506,463</b>
Change in net assets	86,238	15,500	101,738	(419,780)
Net assets, beginning	1,591,467	2,745,000	4,336,467	4,756,247
Net assets, end	<u>\$ 1,677,705</u>	<u>\$ 2,760,500</u>	<u>\$ 4,438,205</u>	<u>\$ 4,336,467</u>

See Notes to Financial Statements.

**Cancer Support Community Los Angeles**

**Statement of Functional Expenses  
Year Ended December 31, 2021  
With Summarized Totals for the Year Ended December 31, 2020**

	2021				2020
	Program services	General and administrative	Fundraising	Total	Total
Personnel	\$ 746,461	\$ 68,198	\$ 123,690	\$ 938,349	\$ 881,925
Occupancy	262,854	14,622	14,592	292,068	226,660
Depreciation and amortization	29,566	1,643	1,643	32,852	95,013
Professional fees	14,709	1,953	2,929	19,591	25,406
Outside services	49,256	8,524	64,624	122,404	106,599
Printing and reproduction	9,708	576	10,362	20,646	24,546
Office	22,930	12,583	6,829	42,342	44,805
Taxes and licensing	19,823	2,655	351	22,829	17,146
Interest	-	12,475	-	12,475	11,799
Insurance	6,971	22,626	757	30,354	26,398
Program supplies	-	-	-	-	10,441
Telephone	10,137	557	557	11,251	10,854
Meetings and conferences	1,553	-	772	2,325	2,044
Marketing	725	-	-	725	5,125
Postage and delivery	-	-	-	-	11,693
Bank charges	-	4,736	145	4,881	3,776
Outreach	-	-	-	-	228
Employee and volunteer relations	1,767	825	821	3,413	2,005
<b>Total</b>	<b>\$ 1,176,460</b>	<b>\$ 151,973</b>	<b>\$ 228,072</b>	<b>\$ 1,556,505</b>	<b>\$ 1,506,463</b>

See Notes to Financial Statements.

**Cancer Support Community Los Angeles**

**Statement of Cash Flows**  
**Year Ended December 31, 2021**  
**With Summarized Totals for the Year Ended December 31, 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 101,738	\$ (419,780)
Adjustments to reconcile change in net assets to net cash used in operating activities		
PPP loan forgiveness	(321,912)	-
Depreciation and amortization	32,852	95,013
Deferred rent	32,290	(74,627)
Realized and unrealized (gain) loss on investments	(420,142)	148,365
Change in operating assets and liabilities		
Accounts receivable	-	15,237
Pledges receivable	(27,795)	10,275
Prepaid expenses and other assets	-	17,280
Accounts payable	-	(11,023)
Accrued liabilities	14,010	(2,398)
	<u>(588,959)</u>	<u>(221,658)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Purchase of property and equipment	(2,755)	-
Purchase of investments	(144,221)	(140,634)
Proceeds from sale of investments	324,378	914,769
	<u>177,402</u>	<u>774,135</u>
Net cash provided by investing activities		
Cash flow from financing activities		
Net borrowings (payments) under line of credit agreement	200,000	(475,000)
Principal payments under capital lease obligations	(23,501)	(22,413)
Proceeds from borrowings on PPP loan payable	163,712	158,200
	<u>340,211</u>	<u>(339,213)</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in cash	(71,346)	213,264
Cash, beginning	<u>345,396</u>	<u>132,132</u>
Cash, end	<u>\$ 274,050</u>	<u>\$ 345,396</u>
Supplementary information		
Cash paid for interest	<u>\$ 12,475</u>	<u>\$ 11,799</u>
Noncash investing and financing activity		
PPP loan forgiveness	<u>\$ 321,912</u>	<u>\$ -</u>

See Notes to Financial Statements.

## Cancer Support Community Los Angeles

### Notes to Financial Statements December 31, 2021

#### Note 1 - Organization and nature of activities

##### **Business activity**

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, D.C. 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.

##### **Basis of accounting**

The financial statements of the Community have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

##### **Financial statement presentation**

The Community reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. They are described as follows:

*Net Assets Without Donor Restrictions* - Net assets for use in general operations and not subject to donor restrictions. Net assets may be designated for specific purposes by action of the Board.

*Net Assets With Donor Restrictions* - Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, purpose, or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

##### **Cash**

Cash is defined as cash in demand deposit accounts as well as cash on hand. Not included as cash are funds restricted as to their use, regardless of liquidity. The Community maintains its cash with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits. The Community's cash balance is insured as of December 31, 2021. The Community has not experienced any losses in such accounts.

## **Cancer Support Community Los Angeles**

### **Notes to Financial Statements December 31, 2021**

#### **Accounts receivable**

Accounts receivable are stated as unpaid balances, less an allowance for doubtful accounts. The Community provides for losses on receivables using the allowance method. The allowance is based on historical collection experience and an evaluation of the outstanding receivables at the end of the year. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Community's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. At December 31, 2021, the Community has no accounts receivable or allowance for doubtful accounts.

#### **Pledges receivable**

Pledges receivable are stated at unpaid balances, less an allowance for doubtful accounts and a discount on those pledges receivable due in greater than one year. The Community provides for losses on receivables using the allowance method. The allowance is based on experience and other circumstances. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Community's policy to charge off uncollectible receivables when management determines the receivable will not be collected. At December 31, 2021, the pledges receivable is \$27,795.

#### **Investments**

Investments are stated at fair value in the statement of financial position. Investment sales and purchases are recorded on a trade-date basis. The realized and unrealized gains and losses are included in the Community's statement of activities. Dividend income is recorded based upon the ex-dividend date and interest income is recorded as earned on an accrual basis.

The Community invests in a diversified portfolio, consisting primarily of fixed income and equity securities, which may reflect varying rates of return. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on the markets' fluctuations, and that such changes could materially affect the amounts reported in the statement of activities and investment portfolio on the statement of financial position.

#### **Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and amortization if purchased or fair value on the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, generally ranging from 5 to 10 years. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful life of the asset or the lease term. Expenditures for major renewals and improvements that extend the useful lives of property and equipment are capitalized. Minor repairs and maintenance costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$1,000 and the useful life is greater than one year.

#### **Fair value measurements**

The Community values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, which are described below:

## **Cancer Support Community Los Angeles**

### **Notes to Financial Statements December 31, 2021**

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

#### **Contributions**

Contributions received are recorded as support with donor restrictions or support without donor restrictions depending on the existence or nature of any donor restrictions. Contributions for which donors have imposed restrictions, which limit the use of the donated assets, are reported as restricted support if the restrictions are not met in the same reporting period. When such donor-imposed restrictions are met in subsequent reporting periods, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Contributions of assets which donors have stipulated must be maintained in perpetuity, with only the income earned thereon available for current use, are classified as net assets with donor restrictions. Contributions for which donors have not stipulated restrictions, as well as contributions for which donors have stipulated restrictions that are met within the same reporting period, are reported as support without donor restrictions.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. At December 31, 2021, the Community does not have any conditional contributions.

#### **Government grants**

Government grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Community has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring expenditures are reported as deferred revenue in the statement of financial position. At December 31, 2021, the deferred revenue was \$0.

#### **Contributed assets and services**

The Community reports gifts of goods and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Community reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. For the year ended December 31, 2021, the Community did not receive any contributed assets.

Contributions of donated services that enhance a nonfinancial asset and contributed services that are considered specialized and can be estimated, and would have been purchased if not donated, are reflected in the accompanying financial statements. Contributed services are recorded as contributions at their estimated fair market value as of the date of the donation. The Community did not receive any contributed services for the year ended December 31, 2021.

## **Cancer Support Community Los Angeles**

### **Notes to Financial Statements December 31, 2021**

#### **Special events**

Special events revenue is recognized net of special event expenditures when earned, which is typically at the time the event occurs. Special events revenue is recognized equal to the cost of direct benefits to donors, and contribution revenue for the difference.

#### **PPP loan forgiveness**

On April 24, 2020, the Community entered into an unsecured promissory note with a commercial bank for an aggregate principal amount of \$158,200 pursuant to the Paycheck Protection Program (the "PPP loan"), which was established under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and is administered by the U.S. Small Business Administration (the "SBA"). In March 2021, the SBA approved forgiveness of the full amount of the PPP Loan and the related interest thereon. Accordingly, the Community derecognized \$158,200 of the PPP Loan and recognized a corresponding gain on debt forgiveness, which is included in the statement of activities.

On February 3, 2021, the Community entered into an additional unsecured promissory note with a commercial bank for an aggregate principal amount of \$163,712 pursuant to the PPP Loan. On December 22, 2021, the lender approved the Community's application for loan forgiveness. Accordingly, the Community derecognized \$163,712 of the PPP Loan and recognized a corresponding gain on debt forgiveness, which is included in the statement of activities.

#### **Artwork**

The Community recognizes donations of artwork at the appraised fair market value on the date of donation. At December 31, 2021, the Community has artwork of \$100,543.

#### **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, 2021, deferred rent was \$32,484.

#### **Income taxes**

The Community is tax-exempt under Internal Revenue Code Section 501 (c)(3) and is required to operate in conformity with the Internal Revenue Code to maintain this qualification. The Community has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the organization and recognize a tax liability if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or other applicable taxing authorities. Management has analyzed the tax positions taken by the Community and has determined that as of December 31, 2021, there were no material uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

Generally, tax years from December 31, 2018 through the current year remain open to examination by the Internal Revenue Service. The Community does not believe that the results from any examination of these open years would have a material adverse effect on the Community.

## Cancer Support Community Los Angeles

### Notes to Financial Statements December 31, 2021

#### Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying 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 the indirect costs.

#### Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, 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 GAAP. Accordingly, such information should be read in conjunction with the Community's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

#### Note 2 - Liquidity and availability

The Community regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Community has various sources of liquidity at its disposal, including cash and cash equivalents, receivables, and investments.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Community considers all expenditures related to its ongoing activities and the pattern of income from grants, fundraising, and investments. The Board meets regularly to review all financial aspects of the Community and meets regularly with the Community's financial advisors to review investment results, assess risk, and make recommendations for changes as needed.

At December 31, 2021, the Community has the following financial assets and liquidity resources available over the next 12 months:

Cash	\$	274,050
Pledges receivable		27,795
Investments		<u>4,517,168</u>
		4,819,013
Less endowment investments		<u>2,745,000</u>
	\$	<u><u>2,074,013</u></u>

## Cancer Support Community Los Angeles

### Notes to Financial Statements December 31, 2021

#### Note 3 - Investments

Investments at December 31, 2021 consist of the following:

Equities	\$ 2,413,463
Mutual funds	1,669,318
Debt securities	317,242
Money markets	<u>117,145</u>
	<u>\$ 4,517,168</u>

The Community has partnership interest in some real estate. The fair value of the investment in partnerships has been measured on a nonrecurring basis using estimates with the best information available when there is little or no market data available. At December 31, 2021, the fair value of the Community's investment in partnerships was \$0.

#### Note 4 - Fair value measurements

At December 31, 2021, financial assets are carried at fair value and are classified in the table below in one of the three categories as described in Note 1:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Equities	\$ 2,413,463	\$ -	\$ -	\$ 2,413,463
Mutual funds	1,669,318	-	-	1,669,318
Debt securities	-	317,242	-	317,242
Money markets	<u>-</u>	<u>117,145</u>	<u>-</u>	<u>117,145</u>
<b>Total</b>	<u>\$ 4,082,781</u>	<u>\$ 434,387</u>	<u>\$ -</u>	<u>\$ 4,517,168</u>

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets, and are valued on a recurring basis. Financial assets valued using Level 2 inputs are based on the present value of expected cash flows. For the year ended December 31, 2021, there have been no changes in the valuation methodologies.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Community believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Community's policy is to recognize transfers in and transfers out as of the actual date of the event or change in circumstances that caused the transfer.

## Cancer Support Community Los Angeles

### Notes to Financial Statements December 31, 2021

#### Note 5 - Property and equipment

At December 31, 2021, property and equipment consist of the following:

Leasehold improvements	\$	683,000
Furniture and fixtures		130,681
Office equipment		280,772
Software		<u>37,800</u>
		1,132,253
Accumulated depreciation and amortization		<u>(1,049,544)</u>
	\$	<u>82,709</u>

Depreciation and amortization expense for the year ended December 31, 2021 was \$32,852.

#### Note 6 - Line of credit

The Community had available a revolving line of credit with a bank for \$750,000. Borrowings under the line of credit bore interest of 3.5% per annum at December 31, 2021. All borrowings were collateralized by substantially all assets of the Community. The outstanding balance on the line of credit was \$380,000 as of December 31, 2021.

Subsequent to year end, the outstanding balance on the line of credit was paid in full, and the Community entered into an amended line of credit agreement with the bank (see Note 11).

#### Note 7 - Capital lease obligations

Property and equipment include gross assets acquired under capital leases of \$124,321 as of December 31, 2021 and are included as a component of office equipment. Related amortization included in accumulated depreciation was \$53,872 at December 31, 2021. Amortization of assets under capital leases is included in depreciation and amortization expense.

The future minimum lease payments required under the capital lease obligations are as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2022	\$ 27,576
2023	27,576
2024	<u>22,980</u>
Total minimum lease payments	78,132
Less interest	<u>5,164</u>
Capital lease obligations	<u>\$ 72,968</u>

## Cancer Support Community Los Angeles

### Notes to Financial Statements December 31, 2021

#### Note 8 - Commitments and contingencies

The Community leases office space under an operating lease through January 2026. For the year ended December 31, 2021, total rent expense under the lease was \$292,068.

The following is a schedule, by years, of future minimum lease payments required under the operating leases that have initial or remaining lease terms:

<u>Year ending December 31,</u>	<u>Amount</u>
2022	\$ 270,054
2023	279,506
2024	289,289
2025	299,414
2026	<u>25,749</u>
	<u>\$ 1,164,012</u>

In December 2019, a novel strain of the coronavirus ("COVID-19") was reported. On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of this disruption. Therefore, the extent of the financial impact and duration cannot be reasonably estimated at this time.

#### Note 9 - Net assets

At December 31, 2021, net assets with donor restrictions are restricted for the following purposes:

Purpose	
Government grants	\$ 15,500
Perpetual Endowment	<u>2,745,000</u>
	<u>\$ 2,760,500</u>

#### Note 10 - Endowments

The Community's endowment includes 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, 2021, the Community's endowment consists of \$2,745,000 donor-restricted funds which are included in net assets with donor restrictions. As required by GAAP, 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"), the Community has classified as net assets with donor restrictions the fair value of donations restricted by donors which were to be held as endowments in perpetuity. As a result, net assets with donor restrictions include the fair value of the original and subsequent gifts made to the endowment fund

## Cancer Support Community Los Angeles

### Notes to Financial Statements December 31, 2021

and any accumulations required by donor stipulation. The donors allow the Community to use all income and gains from donor 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.

From time to time, certain donor-restricted endowment funds may have fair values less than the principal donation (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under the law. At December 31, 2021, funds with original gifts valued of \$2,745,000 were included in the net assets with donor restrictions.

Endowment net assets composition by type of funds as of December 31, 2021, consists of the following:

	Without donor restrictions	With donor restrictions		Total
		Time or purpose	Perpetual	
Donor-restricted endowment funds	\$ -	\$ -	\$ 2,745,000	\$ 2,745,000
Endowment assets, end	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,745,000</u>	<u>\$ 2,745,000</u>

Changes in endowment net assets for the year ended December 31, 2021 are as follows:

	Without donor restrictions	With donor restrictions		Total
		Time or purpose	Perpetual	
Endowment assets, beginning	\$ -	\$ -	\$ 2,745,000	\$ 2,745,000
Investment gain	-	-	342,190	342,190
Transfer to investments	-	-	(342,190)	(342,190)
Endowment assets, end	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,745,000</u>	<u>\$ 2,745,000</u>

#### Note 11 - 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, 2021.

## **Cancer Support Community Los Angeles**

### **Notes to Financial Statements December 31, 2021**

#### **Note 12 - Subsequent events**

The Community evaluated the impact of subsequent events through December 2, 2022, which is the date the financial statements were available to be issued.

#### **Loan payable**

On June 6, 2022, the Community entered into an unsecured promissory note with a commercial bank for an aggregate principal amount of \$500,000 and an interest rate of 4%. The Community will pay this loan in monthly payments of approximately \$5,534 beginning July 2022 and ending when the note matures in June 2031.

#### **Line of credit**

On June 6, 2022, the Community entered into an amended line of credit agreement with a commercial bank, and the revolving credit commitment was changed from \$750,000 to \$450,000. The line of credit is secured by the Community's financial assets, has a variable interest rate and a maturity date of February 28, 2025.



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