



**CANCER SUPPORT  
COMMUNITY™**

**REDONDO BEACH**

Formerly The Wellness Community

**CANCER SUPPORT COMMUNITY REDONDO BEACH**  
(A NON-PROFIT CORPORATION)

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

*with*

**INDEPENDENT AUDITOR'S REPORT THEREON**

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**CANCER SUPPORT COMMUNITY REDONDO BEACH**  
**(A NON-PROFIT CORPORATION)**

**INDEX**

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	<b><u>Page</u></b>
Independent Auditors' Report	1 - 2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 14

Timothy J Lilligren  
Certified Public Accountant  
1001 6<sup>th</sup> Street, Suite 150  
Manhattan Beach, CA 90266

## **Independent Auditor's Report**

To the Board of Directors  
Cancer Support Community Redondo Beach

I have audited the accompanying financial statements of Cancer Support Community Redondo Beach (the "Community", a non-profit corporation), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***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***

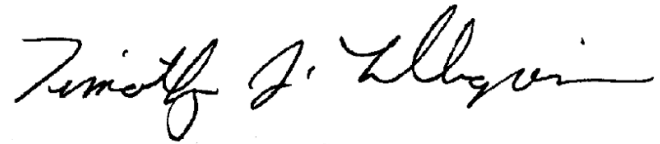
My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Community'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 Community's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community as of December 31, 2018 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Timothy J. Elger". The signature is written in a cursive style with a prominent loop at the end.

Manhattan Beach, California  
September 12, 2019

**CANCER SUPPORT COMMUNITY REDONDO BEACH**  
(A NON-PROFIT CORPORATION)

**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2018**

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**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 616,713
Cash - certificates of deposit	307,569
Investment held in trust	21,143
Marketable securities	<u>3,866,187</u>
	4,811,612

**LONG-TERM ASSETS**

Property and equipment, net	69,778
Security deposit	<u>2,562</u>
	<u>\$ 4,883,952</u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	<u>\$ 26,913</u>
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**NET ASSETS WITHOUT DONOR RESTRICTIONS**

Legacy Fund	4,043,627
Undesignated	<u>813,412</u>
	<u>4,857,039</u>
	<u>\$ 4,883,952</u>

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

**CANCER SUPPORT COMMUNITY REDONDO BEACH**  
(A NON-PROFIT CORPORATION)

**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2018**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>OPERATING REVENUE AND SUPPORT</b>			
Grants and contributions	\$ 371,700	\$ 50,322	\$ 422,022
Special events, net	556,305	-	556,305
Contributed services	32,375	-	32,375
Investment return appropriated for operations	142,349	-	142,349
Net assets released from restrictions	50,322	(50,322)	-
	<u>1,153,051</u>	<u>-</u>	<u>1,153,051</u>
<b>OPERATING EXPENSES</b>			
Program services	775,847	-	775,847
Supporting services	137,769	-	137,769
Fundraising	103,866	-	103,866
	<u>1,017,482</u>	<u>-</u>	<u>1,017,482</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	135,569	-	135,569
<b>INVESTMENT RETURN, in excess of amounts appropriated for operations</b>	<u>(330,983)</u>	<u>-</u>	<u>(330,983)</u>
<b>CHANGE IN NET ASSETS</b>	(195,414)	-	(195,414)
<b>NET ASSETS, beginning of year</b>	<u>5,052,453</u>	<u>-</u>	<u>5,052,453</u>
<b>NET ASSETS, end of year</b>	<u>\$ 4,857,039</u>	<u>\$ -</u>	<u>\$ 4,857,039</u>

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

**CANCER SUPPORT COMMUNITY REDONDO BEACH**  
(A NON-PROFIT CORPORATION)

**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and wages	\$ 497,588	\$ 98,101	\$ 71,470	\$ 667,159
Payroll taxes	40,193	7,924	5,773	53,890
Employee benefits	<u>16,904</u>	<u>3,332</u>	<u>2,428</u>	<u>22,664</u>
Personnel expenses	554,685	109,357	79,671	743,713
Rent	94,160	1,863	4,462	100,485
Contributed services	32,375	-	-	32,375
Printing	14,078	1,247	2,495	17,820
Office	7,650	7,636	1,272	16,558
Bank and payroll costs	7,357	3,679	3,679	14,715
Outside services	4,927	1,453	8,113	14,493
Affiliate dues and costs	6,250	6,250	-	12,500
Computer and software	8,835	1,742	1,269	11,846
Equipment	10,930	216	518	11,664
Program costs	9,748	-	-	9,748
Insurance	6,395	2,131	-	8,526
Telephone	5,824	1,148	837	7,809
Seminars	5,176	-	-	5,176
Depreciation	3,258	642	468	4,368
Postage	3,287	291	582	4,160
Community outreach	<u>912</u>	<u>114</u>	<u>500</u>	<u>1,526</u>
	<u>\$ 775,847</u>	<u>\$ 137,769</u>	<u>\$ 103,866</u>	<u>\$ 1,017,482</u>

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

**CANCER SUPPORT COMMUNITY REDONDO BEACH**  
(A NON-PROFIT CORPORATION)

**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (195,414)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Unrealized and realized losses on investments	308,462
Depreciation and amortization	4,368
Changes in operating assets and liabilities:	
Accounts payable and accrued expenses	<u>2,529</u>
Net cash flows from operating activities	<u>119,945</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of property and equipment	(68,759)
Proceeds from sales of investments	645,069
Purchases of investments	(812,866)
Reinvested interest and dividends	<u>(81,708)</u>
Net cash flows from investing activities	<u>(318,264)</u>

Net change in cash and cash equivalents	(198,319)
Cash and cash equivalents, beginning of year	<u>1,122,601</u>
Cash and cash equivalents, end of year	<u><u>\$ 924,282</u></u>

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*The accompanying notes are an  
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**CANCER SUPPORT COMMUNITY REDONDO BEACH**  
(A NON-PROFIT CORPORATION)

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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**NOTE 1 - ORGANIZATION**

Cancer Support Community Redondo Beach (the “Community”, a non-profit corporation formerly known as the Wellness Community South Bay Cities, Inc.) offers a free program for cancer patients, and their families and loved-ones. The Community’s goal is to help as many cancer patients as possible recover from the physical and emotional effects of cancer to the greatest extent possible. The psychological support and educational programs are designed to address the loss of control, hopelessness, and social isolation that cancer patients and their families often experience.

Such programs include group sessions, counseling led by licensed therapists, education, and social services for patients and their loved ones. During 2018 the Community received 18,476 visits from over 2,137 participants, including over 100 children in their Kid’s Community program. The Community has been able to offer free programs through the generous support of individuals, corporations, foundations, and through year-round special fundraising events.

The Community maintains a license agreement with Cancer Support Community, a national non-profit organization based in Washington DC. The Community maintains corporate and financial independence, but the agreement licenses the Community to use certain intellectual property helpful in carrying out their mutual mission.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net assets without donor restrictions* - Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

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

**CANCER SUPPORT COMMUNITY REDONDO BEACH**  
(A NON-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Measure of operations** - The Community's operating revenues in excess of operating expenses include all operating revenues and expenses that are an integral part of its programs and supporting activities, net assets released from donor restriction to support operating expenditures, and appropriations of board-designated and other nonoperating funds to support current operating activities. The measure of operations includes interest and dividends from investments, net of investment management fees. The measure of operations excludes realized and unrealized gains and losses on investments.

**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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Grants and contributions** - Grants and contributions are recognized at a fair value when the donor makes an unconditional promise to give to the Community. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**Concentration of credit risk** - The assets that potentially subject the Community to concentration of credit risk consist of cash equivalents and investments.

**Cash and cash equivalents** - For purposes of reporting cash flows, cash and cash equivalents include operating cash held in banks, savings accounts, investments purchased with original maturities of ninety days or less, and certificates of deposit with immaterial early withdrawal penalties. The Community maintains its cash balances in financial institutions, the balances of which may, at times, exceed federally insured limits.

**Fair value of financial instruments** - Financial instruments primarily consist of certificates of deposits, marketable securities, and investments held in trust. The Organization estimates that the fair value of its financial instruments at December 31, 2018 do not differ materially from its aggregate carrying value recorded. Considerable judgment is required in interpreting market data to develop the estimates of fair value and, accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

**CANCER SUPPORT COMMUNITY REDONDO BEACH**  
(A NON-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Fair value measurements** - The Organization defines fair value as 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. The company measures fair value under a framework that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) , moderate priority to valuations based on observable inputs, such as market prices of similar assets and liabilities (level 2), and the lowest priority to unobservable inputs (level 3 measurements).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**Investments** - Investments in marketable securities are classified as available for sale and reported at fair value as determined by quoted market prices in an active market. Realized gains and losses (computed by the specific identification method) and unrealized gains and losses are included in the statement of activities. Interest and dividend income are recorded on the accrual basis of accounting.

The Organization's investments are managed by a third-party investment manager who adheres to a board-approved investment policy statement restricting the asset allocation based on risk tolerance.

**Property and equipment** - Property and equipment are recorded at cost with the exception of donated equipment, which is stated at fair market value at the date of receipt. Depreciation is calculated using the straight-line method over the estimated useful lives of up to seven years. Leasehold improvements are amortized using the straight-line method over the shorter of their estimated lives for the term of the lease. Normal repairs and maintenance are expensed as incurred. Expenditures that materially adapt, improve, or alter the nature of the underlying assets are capitalized. When equipment is retired or otherwise disposed, of, the cost and related accumulated depreciation are removed from the accounts, and the resulting gain or loss is credited or charged to operations.

**CANCER SUPPORT COMMUNITY REDONDO BEACH**  
(A NON-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

The Community assesses the recoverability of property and equipment whenever a triggering event occurs by determining whether the depreciation of such assets over their remaining lives can be recovered through projected undiscounted cash flows. The amount of impairment, if any, is measured based on fair value (projected discounted cash flows) and is charged to operations in the period in which such impairment is determined by management. To date, management has not identified any impairment of property and equipment.

**Expense allocation** - The costs of providing various program and supporting activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present expenses by function and natural classification. Expenses directly attributable to specific functional areas of the Organization are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas based on the number of employees involved or the amount of time spent. Functional expenses are an expense of the year in which incurred and, accordingly, are charged to operations on a current basis.

*Program services* - Expenses include costs that primarily relate to client services and outreach programs.

*Supporting services* - Expenses include costs that primarily relate to management and general administration.

*Fundraising* - Expenses include costs that primarily relate to fundraising activities to obtain grants and generate revenue through contributions.

**Contributed services** - Contributed services are recognized by the Community if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Community receives a significant amount of contributed time from volunteers that does not meet the recognition criteria described above. Accordingly, the value of this contributed time is not reflected in the accompanying financial statements.

**Income taxes** - The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the "Code") and the corresponding provisions of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization is subject, however, to Federal and California income taxes on unrelated business income as stipulated in the Code.

**CANCER SUPPORT COMMUNITY REDONDO BEACH**  
**(A NON-PROFIT CORPORATION)**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

The Organization recognizes the impact of tax positions in the financial statements if that position is more likely than not of being sustained on audit, based on the technical merits of the position. To date, the Organization has not recorded any uncertain tax positions. The Organization recognizes potential accrued interest and penalties related to uncertain tax positions in income tax expense. During the year ended December 31, 2018, the Organization did not recognize any amount in potential interest and penalties associated with uncertain tax positions.

As of December 31, 2018, the Organization's federal tax returns since 2015 and state tax returns since 2014 remain open for examination by the tax jurisdictions. No tax returns are currently being examined by any taxing authorities.

**Risks and uncertainties** - Certain services of the Organization are governed by grants and contracts from governmental agencies and private sources. There can be no assurance that the Organization will be able to obtain future grants as deemed necessary by management, although management believes that there is no current indication that grants and contracts are in jeopardy. The loss of certain current grants, or the inability to obtain future grants, could have an adverse effect on the Organization's financial position and results of operations. Failure of the Organization to comply with applicable regulatory requirements can result in, among other things, loss of funding, warning letters, fines, injunctions, and civil penalties.

**Subsequent events** - Subsequent events have been evaluated by the Community through September 12, 2019, which is the date these financial statements were issued, and no subsequent events have arisen, other than those described in these financial statements, that would require disclosure.

**NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES**

The following reflects the Organization's financial assets as December 31, 2018, reduced by amounts not available for general use within one year of the balance sheet date because of internal designations. Amounts not available include amounts set aside for board designated purposes that could be drawn upon if the governing board approves that action.

	<u>Legacy Fund</u>	<u>Undesignated</u>	<u>Total</u>
Cash and cash equivalents	\$ 177,440	\$ 439,273	\$ 616,713
Cash - certificates of deposit	-	307,569	307,569
Investment held in trust	-	21,143	21,143
Marketable securities	3,866,187	-	3,866,187
	<u>\$ 4,043,627</u>	<u>\$ 767,985</u>	<u>\$ 4,811,612</u>

**CANCER SUPPORT COMMUNITY REDONDO BEACH**  
(A NON-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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**NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Organization's goal is to maintain financial assets on hand to meet at least nine months of normal operating expenses which, on average, totals approximately \$85,000 per month given full programmatic expenditures.

**NOTE 4 - FAIR VALUE OF LEGACY FUND AND OTHER INVESTMENTS**

The following is a description of the valuation methodologies used for the investments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy.

**Legacy Fund** - During November 2015 an individual bequeathed a \$4 million unrestricted planned gift to the Community. The gift has been segregated as a board-designated asset to ensure the long-term funding of the Community's operations. The Organization invests the Legacy Fund in marketable securities with an overall objective of long-term growth and income. Interest and dividends are available for current operations, while realized and unrealized gains and losses on investments are non-operating revenues. Any draws from the Legacy Fund must be approved by the Board of Directors.

Legacy Fund investments include cash and cash equivalents, equity funds, exchange traded funds, bond funds, and corporate bonds. All Legacy Fund assets were categorized as Level 1 as of December 31, 2018.

**Certificates of deposit** - Certificates of deposit (CDs) are a time deposit. CDs are similar to savings accounts in that they are insured and thus virtually risk free (Level 1).

**Investment held in trust** - The Community has an investment in an investment pool held by The California Community Foundation which is composed of various marketable securities. The Community does not have authority to choose what investments are purchased and held but can withdrawal its share at any time with notice. Unrealized gains and losses are recorded as income in the year in which they occur. The investment held in trust is categorized as Level 3 as of December 31, 2018.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future 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.

**CANCER SUPPORT COMMUNITY REDONDO BEACH**  
(A NON-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**NOTE 4 - FAIR VALUE OF LEGACY FUND AND OTHER INVESTMENTS, continued**

All of the Organization's assets measured at fair value on a recurring basis are classified as level 1 within the fair value hierarchy. Asset categories are disaggregated as follows at December 31, 2018:

	<b><u>Legacy Fund</u></b>	<b><u>General Fund</u></b>
Level 1		
Cash and cash equivalents	\$ 177,440	\$ -
Fixed income securities	495,982	-
Equities and exchange traded funds	3,370,205	-
Certificates of deposit	-	307,569
Level 3		
Investment held in trust	-	21,143
	<u>\$ 4,043,627</u>	<u>\$ 328,712</u>

The following table sets forth a summary of changes in the fair value of the Community's assets during the year ended December 31, 2018:

	<b><u>Legacy Fund</u></b>	<b><u>Certificates of deposit</u></b>	<b><u>Investment held-in-trust</u></b>
Beginning value of investments	\$ 4,237,313	\$ 304,384	\$ 22,318
Purchases	812,864	-	-
Sales	(813,133)	-	-
Dividends and interest	162,034	3,185	464
Investment fees	(23,421)	-	(166)
Realized losses	(25,042)	-	-
Unrealized losses	(306,988)	-	(1,473)
	<u>\$ 4,043,627</u>	<u>\$ 307,569</u>	<u>\$ 21,143</u>

**CANCER SUPPORT COMMUNITY REDONDO BEACH**  
(A NON-PROFIT CORPORATION)

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2018 consists of:

Leasehold improvements	\$ 36,535
Furniture and office equipment	<u>64,470</u>
	101,005
Less: accumulated depreciation and amortization	<u>(31,227)</u>
	<u><u>\$ 69,778</u></u>

**NOTE 6 - FACILITY LEASE**

The Community maintained an operating lease for its Redondo Beach Offices and programs that expired in January 2018. The Community continues to lease the offices under a month-to-month arrangement requiring monthly payments of \$8,223. Management is currently negotiating a long-term lease with the landlord.

**NOTE 7 - SPECIAL EVENTS, net**

The Community sponsored various fundraising special events during 2018. The income and costs to provide those activities are as follows:

	<b>Gross</b>	<b>Direct</b>	<b>Net</b>
	<b><u>revenues</u></b>	<b><u>expenses</u></b>	<b><u>revenues</u></b>
Girl's Night Out	\$ 238,203	\$ 33,544	\$ 204,659
Celebrate Wellness	228,228	59,847	168,381
Tour de Pier	115,000	1,628	113,372
Other events	<u>70,479</u>	<u>586</u>	<u>69,893</u>
	<u><u>\$ 651,910</u></u>	<u><u>\$ 95,605</u></u>	<u><u>\$ 556,305</u></u>

**NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor consisted of \$50,322 received from a local public agency dedicated to enhancing community health in Redondo Beach and its surrounding communities. The Community met the donor's criteria to release restrictions during the year ended December 31, 2018.