

BAY AREA CANCER CONNECTIONS

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

BAY AREA CANCER CONNECTIONS
Table of Contents

	<u>Pages</u>
Independent Auditors' Report	1 – 2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 – 21



Independent Auditors' Report

To the Board of Directors of
BAY AREA CANCER CONNECTIONS

We have audited the accompanying financial statements of Bay Area Cancer Connections (the "Organization") which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 the 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 the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

TO THE BOARD OF DIRECTORS OF
BAY AREA CANCER CONNECTIONS

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 13 of the financial statements, the World Health Organization declared the novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. However, the ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to that matter.

A handwritten signature in cursive script that reads "Seiber LLP".

Redwood City, California
December 15, 2020

BAY AREA CANCER CONNECTIONS
Statements of Financial Position

	June 30,	
	2020	2019
<u>ASSETS</u>		
Current Assets		
Cash	\$ 396,915	\$ 136,084
Contributions and grants receivable	39,472	73,686
Prepaid expenses	50,939	39,077
Total current assets	487,326	248,847
Property and equipment, net	58,242	86,125
Investments	2,629,330	2,955,806
Deposits	80,400	60,460
Total assets	<u>\$ 3,255,298</u>	<u>\$ 3,351,238</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 62,554	\$ 68,756
Accrued expenses	81,683	88,412
Deferred revenue	20,000	-
Payroll protection program loan	148,900	-
Current portion of lease incentive liability	6,713	6,713
Current portion of deferred rent	27,105	16,795
Total current liabilities	346,955	180,676
Lease incentive liability, less current portion	30,778	37,491
Deferred rent, less current portion	37,416	64,520
Total liabilities	415,149	282,687
Commitments and contingencies (Note 13)		
Net Assets		
Without donor restrictions	2,522,416	2,766,300
With donor restrictions	317,733	302,251
Total net assets	2,840,149	3,068,551
Total liabilities and net assets	<u>\$ 3,255,298</u>	<u>\$ 3,351,238</u>

See Notes to Financial Statements

BAY AREA CANCER CONNECTIONS
Statements of Activities
For the Years Ended June 30, 2020 and 2019

	Without donor restrictions		With donor restrictions		Total	
	2020	2019	2020	2019	2020	2019
REVENUE, GAINS, AND OTHER SUPPORT						
Contributions	\$ 1,340,408	\$ 1,287,826	\$ 128,622	\$ 88,350	\$ 1,469,030	\$ 1,376,176
Contributed services	175,613	54,430	-	-	175,613	54,430
In-kind donations	76,446	206,176	-	-	76,446	206,176
Miscellaneous income	2,720	5,000	-	-	2,720	5,000
Total public support	1,595,187	1,553,432	128,622	88,350	1,723,809	1,641,782
Special events revenue, net:						
Sponsorships and participants	145,430	69,195	-	-	145,430	69,195
Less: direct benefit costs	(55,650)	(28,255)	-	-	(55,650)	(28,255)
Total special events revenue, net	89,780	40,940	-	-	89,780	40,940
Net investment income	70,145	154,874	-	-	70,145	154,874
Net assets released from donor restrictions	113,140	66,861	(113,140)	(66,861)	-	-
Total revenue, gains, and other support	1,868,252	1,816,107	15,482	21,489	1,883,734	1,837,596
EXPENSES						
Program services	1,461,306	1,666,172	-	-	1,461,306	1,666,172
Management and general	347,010	267,029	-	-	347,010	267,029
Fund development	303,820	261,649	-	-	303,820	261,649
Total expenses	2,112,136	2,194,850	-	-	2,112,136	2,194,850
CHANGE IN NET ASSETS	(243,884)	(378,743)	15,482	21,489	(228,402)	(357,254)
NET ASSETS, BEGINNING OF YEAR	2,766,300	3,145,043	302,251	280,762	3,068,551	3,425,805
NET ASSETS, END OF YEAR	\$ 2,522,416	\$ 2,766,300	\$ 317,733	\$ 302,251	\$ 2,840,149	\$ 3,068,551

See Notes to Financial Statements

BAY AREA CANCER CONNECTIONS
Statements of Functional Expenses
For the Years Ended June 30, 2020 and 2019

	Program Services		Management and General		Fund Development		Direct Benefit Costs		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Salaries & wages	\$ 542,182	\$ 669,726	\$ 101,166	\$ 45,276	\$ 134,104	\$ 60,017	\$ -	\$ -	\$ 777,452	\$ 775,019
Benefits	78,475	53,281	9,717	5,927	12,881	7,857	-	-	101,073	67,065
Payroll taxes	42,149	52,243	7,370	3,431	9,770	4,548	-	-	59,289	60,222
Total salaries and benefits	662,806	775,250	118,253	54,634	156,755	72,422	-	-	937,814	902,306
Early detection program costs (WCW, Gabriella Patser)	4,709	80,732	-	-	-	-	-	-	4,709	80,732
Rent	283,965	283,199	63,892	63,720	7,099	7,080	-	-	354,956	353,999
Support programs	90,594	84,466	-	-	-	-	-	-	90,594	84,466
In-kind donations & services	252,059	260,606	-	-	-	-	-	-	252,059	260,606
Other professional services	-	-	85,101	35,313	112,808	46,808	-	-	197,909	82,121
Fundraising events	-	-	-	-	14,600	74,524	55,650	28,255	70,250	102,779
Technology/information	38,550	38,467	8,674	8,655	964	962	-	-	48,188	48,084
Accounting and legal	-	-	31,150	26,036	-	-	-	-	31,150	26,036
Other administrative expenses	-	-	26,687	30,754	2,965	3,417	-	-	29,652	34,171
Occupancy expenses	24,678	27,520	5,553	6,192	617	688	-	-	30,848	34,400
Supplies	3,645	9,915	-	-	-	-	-	-	3,645	9,915
Staff development	6,792	4,927	-	-	-	-	-	-	6,792	4,927
Newsletters	7,855	15,717	1,209	2,418	3,021	6,045	-	-	12,085	24,180
Volunteer expenses	4,787	7,701	-	-	-	-	-	-	4,787	7,701
Direct mail solicitation	-	-	-	-	4,036	8,086	-	-	4,036	8,086
Client information / education - direct support	9,352	7,532	-	-	-	-	-	-	9,352	7,532
Outreach	8,009	27,937	-	30,000	-	39,711	-	-	8,009	97,648
Annual report	-	-	1,050	3,936	350	1,312	-	-	1,400	5,248
End of life support (Karen Swanson Fund)	3,000	9,300	-	-	-	-	-	-	3,000	9,300
Emergency response funds (BOCEF Fund)	29,774	-	-	-	-	-	-	-	29,774	-
Other expenses	8,425	10,312	422	288	47	29	-	-	8,894	10,629
Subtotal before depreciation	1,439,000	1,643,581	341,991	261,946	303,262	261,084	55,650	28,255	2,139,903	2,194,866
Depreciation	22,306	22,591	5,019	5,083	558	565	-	-	27,883	28,239
Total expenses by function	1,461,306	1,666,172	347,010	267,029	303,820	261,649	55,650	28,255	2,167,786	2,223,105
Less expenses included with special event revenue on the statement of activities	-	-	-	-	-	-	(55,650)	(28,255)	(55,650)	(28,255)
Total expenses included in expense section on the statement of activities	<u>\$ 1,461,306</u>	<u>\$ 1,666,172</u>	<u>\$ 347,010</u>	<u>\$ 267,029</u>	<u>\$ 303,820</u>	<u>\$ 261,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,112,136</u>	<u>\$ 2,194,850</u>
% of total expenses	69%	76%	17%	12%	14%	12%	0%	0%	100%	100%

See Notes to Financial Statements

BAY AREA CANCER CONNECTIONS
Statements of Cash Flows

	For the Years Ended June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (228,402)	\$ (357,254)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	27,883	28,239
Amortization of lease incentive liability	(6,713)	(6,713)
Proceeds from sale of donated securities	6,484	591,346
Noncash contributions	(6,378)	(364,091)
Net realized and unrealized (gain) loss on investments	(16,373)	(96,438)
(Increase) decrease in assets:		
Contributions and grants receivable	34,214	(66,064)
Prepaid expenses	(11,862)	(7,331)
Deposits	(19,940)	2,690
Increase (decrease) in liabilities:		
Accounts payable	(6,202)	28,651
Accrued expenses	(6,729)	31,807
Deferred revenue	20,000	-
Deferred rent	(16,794)	(7,129)
Net cash used in operating activities	<u>(230,812)</u>	<u>(222,287)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	396,515	158,654
Purchase of investments	(53,772)	(57,863)
Purchase of property and equipment	-	(8,877)
Net cash provided by investing activities	<u>342,743</u>	<u>91,914</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from payroll protection program loan	148,900	-
Net cash provided by financing activities	<u>148,900</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	260,831	(130,373)
CASH, BEGINNING OF YEAR	<u>136,084</u>	<u>266,457</u>
CASH, END OF YEAR	<u>\$ 396,915</u>	<u>\$ 136,084</u>

See Notes to Financial Statements

BAY AREA CANCER CONNECTIONS

Notes to Financial Statements

1. NATURE OF ACTIVITIES

Bay Area Cancer Connections (the "Organization") supports people touched by breast and ovarian cancer by providing comprehensive, personalized services in an atmosphere of warmth and compassion, free of charge. The Organization serves over 2,000 clients on an annual basis. Services offered include emotional, informational, and practical help, such as personalized research, a library, educational events, medical appointment preparation, and new pilot programs as needed. The Organization is a nonprofit voluntary health and welfare organization incorporated in 1995 and located in Palo Alto, California. The Organization's programs are supported primarily through contributions and grants from individuals, corporations, and other nonprofit organizations. The Organization fulfills its mission by focusing its efforts in the following key programs and services.

Screening, Diagnostic, and Access to Care Services:

The Gabriella Patser Fund (formerly The Gabriella Patser Program) provides free screening and diagnostic services for uninsured women and men under the age of 40 that do not qualify for the California State's Cancer Detection Program: Every Woman Counts. The Screening Navigation Program ensures there is access to a continued source of free breast health resources and navigation assistance for people who are uninsured or underinsured.

The Medical Information Services Program helps people better understand their diagnosis and treatment options, providing thorough educational information from trusted sources. Clients gain knowledge that assists in their communication with their medical team, in decision-making, and in reducing the fear and anxiety that often comes with a diagnosis.

The Screening and Navigation Program is an on-going navigation program designed to create a culturally sensitive continuum for the early detection of breast cancer and access to treatment for low-income women and men (at or below 200% of the federal poverty guidelines) in the Bay Area. The direct medical services are provided through the hospital/clinic partnership with Sutter Health/Mission Bernal Campus in San Francisco County and five referral clinics.

Support and Educational Services:

The ovarian cancer support group and the Coffee Connections group provide a variety of opportunities for clients to gather with peers at a similar place in their ovarian cancer experience (newly diagnosed, couples, post-treatment, etc.). The support group is facilitated by a licensed professional and the Coffee Connections group is peer-led. The Organization offers 17 different types of support groups that range from newly diagnosed and in-treatment to post-treatment and living with cancer.

BAY AREA CANCER CONNECTIONS

Notes to Financial Statements

1. NATURE OF ACTIVITIES (continued)

Support and Educational Services: (continued)

The Buddy Program offers clients the opportunity to receive support from someone who has been through the experience of breast or ovarian cancer. There are over 180 women and men who volunteer as buddies who provide emotional, logistical, and informational support by telephone, or by meeting in person with the client. The Organization offers a variety of classes and workshops to complement a client's journey during treatment. Over a dozen classes are offered and range from Tai Chi/Qi Gong to Mindfulness Meditation. Friends, family members, and caregivers are welcome to attend these classes.

The Organization brings the latest information and resources on breast and ovarian cancer to the Bay Area every year by offering an annual daylong symposium featuring expert speakers and exhibitors. In addition, the Organization's library has an extensive collection of books, medical articles, DVDs, CDs, and periodicals to help clients better understand their diagnosis, treatment options, and tools for well-being.

Other:

The Organization's boutique provides wigs, hats, scarves, prosthetics, and related items free of charge to those in treatment or living with cancer. Staff and volunteers are trained to support clients in finding the items that would be most helpful. In addition, the Organization administers the Karen Swanson Enabling Fund ("Fund") to fulfill special needs or requests of women with metastatic breast or ovarian cancer and to give them the opportunity to fulfill a meaningful wish that they would otherwise not be able to afford. The Fund is not for medical treatment, but for bringing peace and comfort to someone's life or to their dying process.

The Organization's Breast and Ovarian Cancer Emergency Fund provides emergency financial assistance to low-income individuals who are in active treatment for breast or ovarian cancer to help pay for living expenses such as rent, essential utilities, health insurance premiums or co-pays, medical equipment and supplies, and funeral expenses.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation:

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

BAY AREA CANCER CONNECTIONS

Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates:

The preparation of financial statements in conformity with U.S. GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions and Grants Receivable:

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. As of June 30, 2020 and 2019, all receivables were due within one year, therefore, no discount is recorded.

The Organization determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. No allowance was deemed necessary as of June 30, 2020 and 2019.

Investments:

Investments in marketable debt and equity securities with readily determinable fair values are carried at fair value based on quoted market prices. Investment sales and purchases are recorded on a trade-date basis. Interest income is recognized as earned on the accrual basis and dividend income is recognized as of the ex-dividend date. Unrealized gains or losses on investments resulting from market fluctuations are recorded in the statements of activities in the period such fluctuations occur.

The Organization follows the U.S. GAAP framework for fair value measurements. Investments measured at fair value are classified in one of the following fair value hierarchy levels, based on the lowest level input that is significant to the fair value measurement in its entirety:

- | | |
|---------|---|
| Level 1 | Quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities, without adjustment. |
| Level 2 | Quoted prices in markets that are not considered to be active for identical or similar assets or liabilities, quoted prices in active markets of similar assets or liabilities, and inputs other than quoted prices that are observable or can be corroborated by observable market data. |

BAY AREA CANCER CONNECTIONS

Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments: (continued)

Level 3 Inputs that are both significant to the fair value measurement and unobservable, including inputs that are not derived from market data or cannot be corroborated by market data.

Property and Equipment:

Property and equipment are recorded at cost when purchased or at its estimated fair market value when donated. Such donations are reported as unrestricted support unless the donor has restricted the assets to a specific purpose. The Organization uses a threshold of \$1,000 for capitalizing property and equipment. Property and equipment is depreciated using the straight-line method over the estimated useful lives ranging from three to five years. Leasehold improvements are depreciated using the straight-line method over the shorter of the estimated useful life or the lease term.

Income Taxes:

The Organization is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and similar state provisions, except on net income derived from unrelated business activities. The Organization has been determined by the Internal Revenue Service (IRS) not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code and is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS.

U.S. GAAP requires the Organization 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 applicable tax authority. The Organization has reviewed its tax positions for all open tax years and believes that it has appropriate support for the tax positions taken. Therefore, no liability has been recorded.

Net Assets:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets 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.

BAY AREA CANCER CONNECTIONS

Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets: (continued)

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, 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.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other 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 and reported in the consolidated statements of activities as net assets released from restrictions.

Revenue Recognition:

Contributions are recognized as revenue when the cash, securities, or other assets are received or unconditionally promised. 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 met. Contributions received are recorded as either increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence or nature of any donor-imposed restrictions. Other income is recognized as revenue when it is earned. The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Special Events:

Gross receipts from sponsorships and participants are offset by the associated direct benefit costs to obtain the net revenues raised by special fundraising events. The remaining costs of the special events are shown as fundraising events expenses in the statements of functional expenses when the events occur. There was one event during each of the years ended June 30, 2020 and 2019. Deferred revenues amounting to \$20,000 were recognized as of the year ended June 30, 2020 related to sponsorships received during the year for an event held during fiscal year 2021.

BAY AREA CANCER CONNECTIONS

Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiscal Agency Contributions:

Certain contributions are received by the Organization as a fiscal agent. A fiscal agent is an entity that accepts assets from a donor and agrees to use those assets on behalf of or transfer those assets to a specified beneficiary. The Organization recognizes a liability payable to the specified beneficiary concurrent with its recognition of cash or other financial assets received from the donor. The liability is relieved upon transfer of assets or use on behalf of the donor. No contribution revenue or grant expense is recognized for these transactions.

For the year ended June 30, 2019, the Organization received fiscal agency contributions totaling \$27,533. These funds were paid to Latino Cancer Institute, the specified beneficiary, during fiscal year 2019. For the year ended June 30, 2020, the Organization did not accept any fiscal agency contributions.

Contributed Services:

The Organization benefits from services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the Organization's program operations and in its fundraising campaigns. Contributed services that require specialized skill and which the Organization would have paid for if not donated is recorded at their estimated fair market value at the time the services are rendered. The Organization recognized \$175,613 and \$54,430 of contributed services for the years ended June 30, 2020 and 2019, respectively, for professional services provided by doctors, therapists, nurses, lawyers, and other professionals. In addition, members of the community contributed services to the Organization by performing various other tasks, which did not meet the requirements for recognition in the financial statements.

In-Kind Donations:

Donated property, facilities, securities, and other non-cash donations are recorded as contributions at the fair value of the gift at the date of the donation. In-kind donations recognized by the Organization for the years ended June 30, 2020 and 2019 were \$76,446 and \$206,176, respectively.

BAY AREA CANCER CONNECTIONS

Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses:

The cost of providing programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The indirect expenses allocated include occupancy, technology and information, newsletters, telephone, annual report, depreciation, and other administrative expenses, which use the weighted average of staff and contractors and their time and effort spent in specific program areas. Direct expenses including salaries and wages, benefits, payroll taxes, professional services, and other are allocated based on estimates of time and effort.

The percentage of total expenses in the statements of functional expenses was calculated by dividing program services, management and general, and fund development expenses by the total expenses for the period.

Adopted Accounting Pronouncements:

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)* ("ASU No. 2018-08"). The new guidance clarifies the definitions of reciprocal and non-reciprocal transactions and modifies the criteria used to evaluate conditional versus unconditional contributions. In addition, the new guidance defines that a conditional contribution exists when the agreement contains both a right of return of the contributed asset and a barrier that must be overcome. The Organization adopted ASU 2018-08 for the year ending June 30, 2020. There was no impact on the Organization's financial position, statements of activities, or previously recognized net assets on the adoption of this standard.

In August 2018 the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820), Disclosure Framework, Changes to the Disclosure Requirements for Fair Value Measurement* ("ASU No. 2018-13"). ASU No. 2018-13 targets the requirements of the fair value measurements disclosures section in Topic 820. The Organization early adopted ASU No. 2018-13 for the Organization's fiscal year ending June 30, 2020. There was no material impact on the Organization's financial position and statements of activities on the adoption of this standard.

BAY AREA CANCER CONNECTIONS

Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements:

In May 2014, the FASB issued ASU No. 2014-09 (Topic 606), *Revenue from Contracts with Customers* ("ASU No. 2014-09") to clarify revenue recognition principles. This guidance is intended to improve disclosure requirements and enhance comparability of revenue recognition principles. Improved disclosures under this ASU relate to the nature, amount, timing, and uncertainty of revenue that is recognized from contracts with customers. On June 3, 2020 the FASB issued ASU No. 2020-05 which delays implementation by one year of effective dates of FASB standards for Topic 606 due to the global concerns about the effects of the COVID-19 pandemic on financial reporting. This standard permits not-for-profits organization that have not yet applied the revenue recognition standard to do so for annual reporting periods beginning after December 15, 2019; effective for the Organization's year ending June 30, 2021. The Organization has elected the one-year deferral in accordance with ASU No. 2020-05, and it does not anticipate that ASU No. 2014-09 will have a material impact on the Organization's financial statements.

In January 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU No. 2016-02"). Under the new guidance in ASU No. 2016-02, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: 1) A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and 2) A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged, however, certain targeted improvements were made. ASU No. 2016-02 also simplifies the accounting for sale and leaseback transactions. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Lessees and lessors may not apply a full retrospective transition approach. ASU No. 2016-02 is effective for the Organization's year ending June 30, 2023 with early adoption permitted. The Organization is currently evaluating the impact that ASU No. 2016-02 may have on its financial position or results of operations.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which amends the FASB Accounting Standards Codification to provide guidance concerning presentation and disclosure by not-for-profit entities of contributed non-financial assets received. Specifically, the amendments require (1) presentation as a separate line item in the statement of activities of contributed non-financial assets, and (2) disclosure of information about each category (i.e., type) of non-financial asset received. Non-financial assets include fixed assets (e.g., land, buildings, and equipment), the use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The amended guidance, which should be applied retrospectively to all periods presented, is effective for the Organization's year ending June 30, 2022, with early adoption permitted. The Organization is currently evaluating the impact that that this ASU may have on its financial statements.

BAY AREA CANCER CONNECTIONS

Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications:

Certain financial statement and note information from prior year financial statements have been reclassified to conform to current year presentation format.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for within one year of June 30, 2020 and 2019 for general expenditure are as follows:

	2020	2019
Cash	\$ 396,915	\$ 136,084
Contribution and grants receivable	39,472	73,686
Investments	2,629,330	2,955,806
	3,065,717	3,165,576
Less: Amounts unavailable for general operating support within one year due to donor-imposed purpose restrictions	(317,733)	(302,251)
Total financial assets available within one year	\$ 2,747,984	\$ 2,863,325

The Organization endeavors to structure its financial assets to be available and liquid as its general expenditures, liabilities, and other obligations come due. The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. As part of the Organization's liquidity management plan, it invests cash in excess of monthly requirements.

4. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash and investments in accounts at financial institutions, which, at times, may exceed federally insured limits. The deposits at these financial institutions bear the credit risk associated with institutions. The Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Contributions from a major contributor represented approximately 26% and 28% of total contributions during the years ended June 30, 2020 and 2019.

BAY AREA CANCER CONNECTIONS
Notes to Financial Statements

5. CONTRIBUTIONS AND GRANTS RECEIVABLE

As of June 30, 2020 and 2019, receivables consisted of \$39,472 and \$73,686 of unconditional promises to give and grants.

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2020</u>	<u>2019</u>
Office equipment	\$ 36,811	\$ 36,811
Furniture	42,799	42,799
Library assets	7,185	7,185
Leasehold improvements	<u>201,405</u>	<u>201,405</u>
	288,200	288,200
Less: accumulated depreciation	<u>(229,958)</u>	<u>(202,075)</u>
Total	<u>\$ 58,242</u>	<u>\$ 86,125</u>

Depreciation of property and equipment for the years ended June 30, 2020 and 2019 was \$27,883 and \$28,239 respectively.

7. INVESTMENTS

Investments as of June 30, 2020 and 2019 are as follows:

<u>2020</u>	<u>Total Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Mutual funds:			
Equity funds	\$ 890,183	\$ 1,396,568	\$ 506,385
Bond funds	742,057	765,494	23,437
Exchange traded funds	252,804	465,057	212,253
Money market funds	<u>2,211</u>	<u>2,211</u>	<u>-</u>
	<u>\$ 1,887,255</u>	<u>\$ 2,629,330</u>	<u>\$ 742,075</u>

BAY AREA CANCER CONNECTIONS
Notes to Financial Statements

7. INVESTMENTS (continued)

2019	Total Cost	Fair Value	Unrealized Gain (Loss)
Mutual funds:			
Equity funds	\$ 910,660	\$ 1,482,272	\$ 571,612
Bond funds	726,421	726,142	(279)
Exchange traded funds	244,486	498,846	254,360
Money market funds	248,546	248,546	-
	<u>\$ 2,130,113</u>	<u>\$ 2,955,806</u>	<u>\$ 825,693</u>

Net investment income consists of the following for the years ended June 30, 2020 and 2019:

	2020	2019
Dividends	\$ 53,772	\$ 58,468
Net realized gain on investments	99,955	160,795
Net unrealized gain (loss) on investments	(83,582)	(64,389)
	<u>\$ 70,145</u>	<u>\$ 154,874</u>

Investments in securities are exposed to various risks, such as changes in interest rates or credit ratings and market fluctuations. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that the value of the Organization's investments and net asset balance could fluctuate materially.

Due to the worldwide coronavirus pandemic as discussed in Note 13, the United States and global markets have experienced significant volatility. The Organization is closely monitoring its investment portfolio and working to minimize the impact of these price movements.

The Organization's investments recorded at fair value have been categorized based upon a fair value hierarchy established by U.S. GAAP. See Note 2 for a discussion of the Organization's policy regarding this hierarchy. The following fair value hierarchy tables present information about the Organization's investments measured at fair value as of June 30, 2020 and 2019:

Description	2020	Level 1	Level 2	Level 3
Mutual funds:				
Equity funds	\$ 1,396,568	\$ 1,396,568	\$ -	\$ -
Bond funds	765,494	765,494	-	-
Exchange traded funds	465,057	465,057	-	-
Money market funds	2,211	2,211	-	-
	<u>\$ 2,629,330</u>	<u>\$ 2,629,330</u>	<u>\$ -</u>	<u>\$ -</u>

BAY AREA CANCER CONNECTIONS
Notes to Financial Statements

7. INVESTMENTS (continued)

Description	2019	Level 1	Level 2	Level 3
Mutual funds:				
Equity funds	\$ 1,482,272	\$ 1,482,272	\$ -	\$ -
Bond funds	726,142	726,142	-	-
Exchange traded funds	498,846	498,846	-	-
Money market funds	248,546	248,546	-	-
	<u>\$ 2,955,806</u>	<u>\$ 2,955,806</u>	<u>\$ -</u>	<u>\$ -</u>

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2020 and 2019.

Mutual funds and money market funds - Valued at the closing price reported on the active market on which the individual securities are traded.

Exchange traded funds - Valued at the closing price reported on the active market on which the individual funds are traded.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization 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.

8. PAYCHECK PROTECTION PROGRAM LOAN

On May 6, 2020, the Organization received loan proceeds in the amount of \$148,900 under the Paycheck Protection Program (“PPP”). Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business’s average monthly payroll expenses. PPP loans and accrued interest are forgivable after a “covered period” (24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for 10 months after then end of the covered period. The Organization intends to use PPP loan proceeds for purposes consistent with the PPP and apply for forgiveness within 10 months of the end of the covered period.

The Organization has recorded a note payable and will record forgiveness upon being legally released from the loan obligation. No forgiveness income has been recorded for the year ended June 30, 2020.

BAY AREA CANCER CONNECTIONS
Notes to Financial Statements

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose of by occurrence of the passage of time or other events specified by the donors for the years ended June 30, 2020 and 2019. The following tables summarize the purpose for which net assets with donor restrictions are available and the related additions and releases.

June 30, 2020	Beginning	Additions	Released	Ending
Medical information services	\$ 20,664	\$ 1,000	\$ 5,699	\$ 15,965
Client support	16,230	18,600	5,339	29,491
Access to Care program	11,250	55,800	50,140	16,910
Ovarian cancer support	182,331	-	6,455	175,876
Programs that support breast and ovarian cancer	69,357	51,922	45,507	75,772
Lynch library	2,419	1,300	-	3,719
	<u>\$ 302,251</u>	<u>\$ 128,622</u>	<u>\$ 113,140</u>	<u>\$ 317,733</u>
June 30, 2019	Beginning	Additions	Released	Ending
Medical information services	\$ 30,469	\$ -	\$ 9,805	\$ 20,664
Client support	18,769	12,350	14,889	16,230
Access to Care program	600	15,500	4,850	11,250
Ovarian cancer support	202,494	-	20,163	182,331
Programs that support breast and ovarian cancer	26,258	60,000	16,901	69,357
Lynch library	2,172	500	253	2,419
	<u>\$ 280,762</u>	<u>\$ 88,350</u>	<u>\$ 66,861</u>	<u>\$ 302,251</u>

10. SPECIAL EVENTS

The annual fundraising events for the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
Sponsorships and participants	\$ 145,430	\$ 69,195
Less: direct benefit costs	(55,650)	(28,255)
Total special events revenue, net	89,780	40,940
Plus: Contributions raised at the events	71,380	114,332
Less: Event expenses reported in the statements of functional expenses	(14,600)	(74,524)
Net special events income	<u>\$ 146,560</u>	<u>\$ 80,748</u>

BAY AREA CANCER CONNECTIONS

Notes to Financial Statements

11. ALLOCATION OF JOINT COSTS

The Organization achieves some of its programmatic goals in an informative newsletter that also includes requests for contributions. In addition, the Organization produces an annual report that also includes requests for donations. For the years ended June 30, 2020 and 2019, total costs of producing the newsletters and annual reports were \$13,485 and \$29,428, respectively. These costs were allocated as follows: 65% to program, 10% to management and general, and 25% to fund development based on informational content.

12. DEFINED CONTRIBUTION RETIREMENT PLAN

The Organization sponsors a defined contribution retirement plan that qualifies under IRS Code 403(b). The plan covers all employees who are 21 or older and have completed one year of employment. Contributions are determined to be 3% of each employee's annual salary, which totaled \$13,927 and \$21,099 for the years ended June 30, 2020 and 2019, respectively.

13. COMMITMENTS AND CONTINGENCIES

Lease Commitments:

The Organization leases office space in Palo Alto, California under a non-cancelable operating lease agreement that expires on June 30, 2022. The lease agreement calls for escalating rent increases. The Organization is recognizing rent expense on a straight-line basis.

Deferred rent consists of the excess of the rental expenses on a straight-line basis over the payments required by the lease and is included on the statements of financial position. As of June 30, 2020 and 2019, the deferred rent liability balance was \$64,521 and \$81,315, respectively.

As part of the lease agreement, the landlord agreed to pay \$53,700 tenant improvements. The Organization recorded a deferred lease incentive liability for this amount. The deferred lease incentive liability will be reduced ratably as a credit to rent expense over the life of the lease.

During each of the years ended June 30, 2020 and June 30, 2019, \$6,713 was credited and offset against rent expense.

The Organization also leases certain office equipment under a non-cancelable operating lease agreement that expires in February 2023.

BAY AREA CANCER CONNECTIONS

Notes to Financial Statements

13. COMMITMENTS AND CONTINGENCIES (continued)

Lease Commitments: (continued)

Minimum future lease commitments for the next three years are as follows:

June 30,	Amount
2021	\$ 355,027
2022	365,338
2023	8,340
	<u>\$ 728,705</u>

Contingencies:

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's clients, employees, and volunteers, all of which at present, cannot be determined. COVID-19 has forced the cancellation of the Organization's largest annual fundraiser, the indefinite closure of the Organization's center, programs to be transitioned to a virtual platform, and significantly restricted volunteer participation. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

14. SUBSEQUENT EVENTS

Management has reviewed subsequent events and transactions that occurred after the statements of financial position date through December 15, 2020, the date the financial statements were available to be issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with U.S. GAAP. Management has determined that there are no unrecognized subsequent events that require additional disclosure.