

CANCER PATHWAYS

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2023

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C e r t i f i e d P u b l i c A c c o u n t a n t s

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Cancer Pathways
Seattle, Washington

Opinion

We have audited the accompanying financial statements of Cancer Pathways (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of Cancer Pathways as of December 31, 2023, 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 audits in accordance with auditing standards generally accepted in the United States of America. 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 Pathways and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Pathways' ability to continue as a going concern within 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Pathways' 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 Pathways' 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.

Luby + Thomson

Luby and Thomson, PLLC
Certified Public Accountants
Bellevue, Washington
August 30, 2024

CANCER PATHWAYS

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,111,771
Certificate of deposit	520,607
Investments	838,014
Prepaid expenses	6,400
Total current assets	<u>2,476,792</u>

PROPERTY AND EQUIPMENT

Land	564,700
Building and improvements	2,305,349
Equipment	290,290
Total property and equipment	<u>3,160,339</u>
Less accumulated depreciation	<u>(1,593,907)</u>
Net property and equipment	<u>1,566,432</u>

TOTAL ASSETS	<u>\$ 4,043,224</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 2,609
Accrued vacation	42,146
Mortgage payable, current portion	8,793
Total current liabilities	<u>53,548</u>

Mortgage payable, net of current portion	<u>1,285,007</u>
	<u>1,338,555</u>

NET ASSETS

Without donor restrictions	2,674,669
With donor restrictions	30,000
Total net assets	<u>2,704,669</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,043,224</u>
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The accompanying notes are an integral part of these financial statements.

CANCER PATHWAYS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Contributions	\$ 257,450	\$ -	\$ 257,450
Grants	1,242,189	-	1,242,189
Fundraising event revenue	680,961		
Fundraising event expenses	<u>(228,725)</u>		
Fundraising events, net	422,236	30,000	452,236
In-kind contributions	3,500	-	3,500
Net assets released from donor restrictions	25,000	<u>(25,000)</u>	-
Total revenues and support	1,950,375	5,000	1,955,375
Expenses:			
Program	963,327	-	963,327
Management and general	170,803	-	170,803
Fundraising	135,109	-	135,109
Total expenses	1,269,239	-	1,269,239
Change in net assets from operations	681,136	5,000	686,136
Non-operating activities:			
Depreciation expense	(109,179)	-	(109,179)
Interest and dividends	65,096	-	65,096
Net realized and unrealized gains on investments	126,601	-	126,601
Change in net assets	763,654	5,000	768,654
Net assets, beginning of year	1,911,015	25,000	1,936,015
Net assets, end of year	\$ 2,674,669	\$ 30,000	\$ 2,704,669

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

CANCER PATHWAYS

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program	Management & General	Fund Raising	Total
Salaries and wages	\$ 616,449	\$ 137,484	\$ 100,152	\$ 854,085
Payroll taxes	61,169	13,625	9,946	84,740
Benefits	4,164	871	704	5,739
Total personnel expense	681,782	151,980	110,802	944,564
Fundraising event expenses	-	-	228,724	228,724
Depreciation	103,720	2,184	3,275	109,179
Mortgage interest	83,716	1,762	2,644	88,122
Professional fees	60,325	3,358	13,825	77,508
Occupancy	38,837	685	1,027	40,549
Program supplies	37,510	-	-	37,510
Office supplies	21,467	6,914	2,905	31,286
Travel	8,694	1,937	1,414	12,045
Insurance	10,174	1,675	-	11,849
IT	11,745	-	-	11,745
Dues and fees	2,492	2,492	2,492	7,476
Conferences & meetings	4,396	-	-	4,396
Advertising	2,189	-	-	2,189
Total expenses	\$ 1,067,047	\$ 172,987	\$ 367,108	\$ 1,607,142
 Reconciliation to the Statement of Activities:				
Less: expenses netted against revenues				
Fundraising event expenses	-	-	228,724	228,724
Less: nonoperating activities				
Depreciation	103,720	2,184	3,275	109,179
	\$ 963,327	\$ 170,803	\$ 135,109	\$ 1,269,239

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

CANCER PATHWAYS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

Cash Flows from Operating Activities:	
Cash received from contributions, grants, and fundraising events	\$ 2,163,942
Cash paid to employees and vendors	(1,484,832)
Interest and investment income	191,697
Net cash provided by (used in) operating activities	<u>870,807</u>
Cash Flows from Investing Activities:	
Net purchases of certificates of deposit and investments	<u>(656,510)</u>
Net cash provided by (used in) investing activities	<u>(656,510)</u>
Cash Flows from Financing Activities:	
Principal payments on mortgage payable	<u>(10,958)</u>
Net cash provided by (used in) financing activities	<u>(10,958)</u>
Net Increase (Decrease) in Cash	203,339
Cash, beginning of year	<u>\$ 908,432</u>
Cash, end of year	<u>\$ 1,111,771</u>

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

CANCER PATHWAYS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Cancer Pathways, formerly Gilda's Club Seattle, (the Organization), is a Washington private not-for-profit corporation formed in 1996. Cancer Pathways offers programs of education, support, and community options for men, women, teens, and children living with cancer along with their families and friends. Programs are offered in Seattle and throughout the State of Washington with collaborating partners in varied locations such as hospitals, community centers, and schools.

Basis of Accounting and Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Organization to report on the accrual basis of accounting and report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. All of the Organization's net assets with donor restrictions are temporary in nature.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from the estimated amounts.

Measure of Operations

The statement of activities reports all changes in net assets, included in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing programs and supporting services. Non-operating activities are limited to depreciation expense and investment income.

CANCER PATHWAYS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents and Certificates of Deposit

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization presents certificates of deposit with an initial maturity of greater than three months separately from cash and cash equivalents.

The Organization may have amounts deposited with financial institutions in excess of federally insured limits during the year. At December 31, 2023, this limit was exceeded. The Organization has not experienced losses in these accounts.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statement of financial position, and changes in fair value are included in net realized and unrealized gains on investments in the statement of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statement of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Fair Value Measurements

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value as follows:

- Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

The Organization reports its investments at fair value using Level 1 inputs.

Property and Equipment

Property and equipment are capitalized at cost or value as of the date of donation if donated. The assets are depreciated over their estimated useful lives on the straight-line basis. The Organization's policy is to capitalize long-lived assets with a cost of \$2,500 or more. Estimated useful lives are as follows:

Equipment:	3 to 15 years
Building and improvements:	15 to 30 years

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted and Unrestricted Support and Contribution Revenue Recognition

Grant and contribution revenue is recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Revenues that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction is met in the reporting period in which the revenue is recognized. All other donor restricted revenues are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

During the year ended December 31, 2023, 47% of total revenues and support was from the State of Washington Department of Health.

Revenue Recognition

Ticket sales for fundraising events are recognized when the event occurs. Ticket sales for events occurring in a future period are recorded as a contract liability. There were no contract liabilities as of December 31, 2023.

In-Kind Contributions

Contributions of donated goods and services are recorded as revenue at the estimated fair value at the date of donation. Donated services are recognized as revenue and corresponding expense when (a) the services received create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

In-kind contributions consisted of \$3,500 of golf equipment during the year ended December 31, 2023. The equipment was used as swag give aways at the Organization's golf fundraising event. These donated goods were not monetized and were distributed during the year the assets are received. The corresponding expense is recorded in fundraising in the statement of functional expenses.

Members of the board of directors and volunteers make significant contributions of time to the Organization's programs and support functions. The value of this contributed time does not meet the criteria for recognition of contributed services under accounting principles generally accepted in the United States of America (U.S. GAAP) and, accordingly, is not reflected in the accompanying financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

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

Individual expenses that solely relate to one program or supporting service are allocated in full to that category. Expenses that relate to multiple programs or supporting services are allocated as follows:

- Salaries and wages and payroll taxes are allocated based on employee time and effort.
- Occupancy, mortgage interest, and depreciation are allocated based on square footage.
- Office supplies and dues and fees are allocated based on percentages determined by management based on knowledge of underlying purpose.

Advertising Expense

Advertising costs are expensed as incurred.

Federal Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not related to the Organization's tax-exempt purpose, if any, is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization does not conduct any activities that are subject to the Unrelated Business Income Tax.

The Organization has determined there are no uncertain tax positions for the year ended December 31, 2023 and the accompanying financial statements contain no interest or penalties with respect to federal income taxes. The Organization's federal income tax returns remain open for examination to the extent prescribed by the Internal Revenue Code.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2. AVAILABILITY AND LIQUIDITY

The following represents the Organization's liquidity and availability at December 31, 2023:

Financial assets at year end:	
Cash and cash equivalents	\$ 1,111,771
Certificate of deposit	520,607
Investments	<u>838,014</u>
Total financial assets	<u>2,470,392</u>
Less amounts not available to be used for general purposes within one year:	
Mortgage payable, current portion	8,793
Net assets with donor restrictions	<u>30,000</u>
	38,793
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 2,431,599</u></u>

The Organization's goal is generally to maintain financial assets to meet at least months of operating expenses (approximately \$1,025,000). The Organization prepares budgets annually to avoid liquidity issues. The Organization has the ability to sell investments in the event of liquidity issues.

NOTE 3. INVESTMENTS

The following schedule summarizes the Organization's investments at fair value as of December 31, 2023. All investments are classified under level 1 measurements within the fair value hierarchy.

Stocks	\$ 553,851
Mutual funds	274,898
Exchange traded funds	<u>9,265</u>
Total	<u><u>\$ 838,014</u></u>

Investment income consisted of the following for the year ended December 31, 2023:

Interest and dividends	\$ 65,096
Net realized and unrealized gains on investments	<u>126,601</u>
Total	<u><u>\$ 191,697</u></u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions of \$30,000 as of December 31, 2023 are restricted for 2024 fundraising events.

Net assets released from donor restrictions of \$25,000 during the year ended December 31, 2023 were used for 2023 fundraising events.

NOTE 5. WASHINGTON STATE GRANT AND COMMITMENTS

During 2015, the state of Washington awarded a grant to the Organization. The grant was to be used for renovation of the Organization's building. The Grantor reimbursed all eligible project expenditures, up to a maximum of \$776,000. The renovated property must be held and used by the Organization for its charitable purpose for at least ten years from the date of the final grant payment. In the event that the Organization does not meet this commitment, the Washington State Department of Commerce reserves the right to recapture the funds disbursed under the grant. The ten-year period will be completed during the year ended December 31, 2027.

NOTE 6. MORTGAGE PAYABLE

The Organization obtained a mortgage loan to purchase land and building in Seattle, Washington. The Organization refinanced the mortgage loan by entering into a new ten-year loan with an original principal balance of \$1,600,000 with Sound Community Bank on September 26, 2013. This loan was modified in December 2017. The interest rate was 4.5% through December 2022, at that time, the interest rate changed to a variable rate. At December 31, 2023, the variable rate is 7.00%. Monthly principal and interest payments are \$8,257, and maturity date is December 1, 2027, at which point a balloon payment is due. The loan is secured by the Organization's land and building. Future minimum principal payments, based on current interest rates, are as follows for the years ending December 31:

2024	\$ 8,793
2025	9,429
2026	10,110
2027	1,265,468
	<u>\$ 1,293,800</u>

Mortgage interest expense totaled \$88,122 during the year ended December 31, 2023.

NOTE 7. EMPLOYEE BENEFIT PLAN

The Organization has an employee benefit plan in which the Organization makes, for eligible employees, tax-deferred contributions to a 403(b) Plan. The Organization's contributions to the plan were \$11,175 during the year ended December 31, 2023.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8. EMPLOYEE RETENTION CREDIT

Under the provisions of the CARES Act and the subsequent extension of the CARES Act, the Organization was eligible for a refundable employee retention credit (ERC) subject to certain criteria. The Organization has determined it is eligible for credits related to the fourth quarter of 2020 and third quarter of 2021, totaling \$55,079, however these credits were not claimed until January 2024.

The IRS ordered a moratorium on processing new ERC claims filed after September 14, 2023. While the Organization believes that their claims are valid and that the credits will ultimately be received, there is significant uncertainty surrounding the timing of the receipt and the amount that will be received due to interest on delayed processing. Due to this uncertainty surrounding the program, the Organization will recognize ERC revenue when it is received.

NOTE 9. SUBSEQUENT EVENTS

Management of the Organization has evaluated events and transactions occurring through the date these financial statements were available to be issued on August 30, 2024.