

CANCER CARE SERVICES

ANNUAL FINANCIAL REPORT

For the Years Ended December 31, 2014 and 2013

**CANCER CARE SERVICES
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December 31, 2014 and 2013

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Independent Auditor's Report

July 9, 2015

Board of Directors
Cancer Care Services
623 S. Henderson St.
Fort Worth, Texas 76104-2920

We have audited the accompanying financial statements of Cancer Care Services (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 controls 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.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cancer Care Services as of December 31, 2014 and 2013, and the changes in net assets, functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Respectfully submitted,

CONWAY COMPANY CPAs, P.C.

Conway Company CPAs, P.C.

CANCER CARE SERVICES
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014 AND 2013

	2014	2013
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 412,325	\$ 309,973
Contributions Receivable (net of allowances for uncollectibles)	53,110	6,517
Contracts Receivable	-	90,000
Prepaid Expenses	12,326	16,673
Total Current Assets	477,761	423,163
Non-current Assets:		
Endowment Investments - Restricted	1,041,453	1,022,790
Endowment Investments - Designated	1,139,623	1,069,237
Investment - Infrastructure	49,389	36,125
Assets Restricted for Endowment	2,758	1,379
Total Non-current Assets	2,233,223	2,129,531
Fixed Assets:		
Land	75,000	75,000
Machinery & Equipment	138,000	109,516
Buildings & Improvements	1,218,739	1,218,739
Sub-total Property and Equipment	1,431,739	1,403,255
Less: Accumulated Depreciation	(493,245)	(449,813)
Total Fixed Assets, Net	938,494	953,442
TOTAL ASSETS	3,649,478	3,506,136
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Expenses	30,912	42,697
Current Portion of Compensated Absences	2,139	2,139
Total Current Liabilities	33,051	44,836
Long-Term Liabilities:		
Compensated Absences	10,033	10,707
Total Long-Term Liabilities	10,033	10,707
Net Assets:		
Unrestricted		
Designated for endowment	1,139,623	1,069,237
Designated for infrastructure	49,389	36,125
Undesignated	1,357,567	1,270,377
Total Unrestricted	2,546,579	2,375,739
Temporarily Restricted	484,169	500,587
Permanently Restricted	575,646	574,267
Total Net Assets	3,606,394	3,450,593
TOTAL LIABILITIES AND NET ASSETS	\$ 3,649,478	\$ 3,506,136

The accompanying notes are an integral part of this financial statement.

**CANCER CARE SERVICES
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues								
Special events income (includes in-kind donations)	\$ 563,344	\$ -	\$ -	\$ 563,344	\$ 471,973	\$ -	\$ -	\$ 471,973
Less: Benefit to Donor Costs	(173,499)	-	-	(173,499)	(154,738)	-	-	(154,738)
	<u>389,845</u>	<u>-</u>	<u>-</u>	<u>389,845</u>	<u>317,235</u>	<u>-</u>	<u>-</u>	<u>317,235</u>
Contributions and grants	622,036	208,938	1,379	832,353	696,020	198,711	211,279	1,106,010
Program contracts	478,731	-	-	478,731	237,861	-	-	237,861
Program fees	30,023	-	-	30,023	61,107	-	-	61,107
United Way allocation	87,691	-	-	87,691	107,573	-	-	107,573
Rental Income	7,650	-	-	7,650	-	-	-	-
Investment Income	81,935	55,681	-	137,616	170,438	126,093	-	296,531
Net assets released from restrictions	<u>281,037</u>	<u>(281,037)</u>	<u>-</u>	<u>-</u>	<u>391,831</u>	<u>(391,831)</u>	<u>-</u>	<u>-</u>
Total Support and Revenues	<u>1,978,948</u>	<u>(16,418)</u>	<u>1,379</u>	<u>1,963,909</u>	<u>1,982,065</u>	<u>(67,027)</u>	<u>211,279</u>	<u>2,126,317</u>
Expenses								
Program services								
Comprehensive financial assistance	975,871	-	-	975,871	1,026,222	-	-	1,026,222
Social services	<u>484,724</u>	<u>-</u>	<u>-</u>	<u>484,724</u>	<u>464,295</u>	<u>-</u>	<u>-</u>	<u>464,295</u>
Total Program services	<u>1,460,595</u>	<u>-</u>	<u>-</u>	<u>1,460,595</u>	<u>1,490,517</u>	<u>-</u>	<u>-</u>	<u>1,490,517</u>
Supporting services								
Management and general	166,689	-	-	166,689	196,534	-	-	196,534
Fundraising	<u>180,824</u>	<u>-</u>	<u>-</u>	<u>180,824</u>	<u>169,240</u>	<u>-</u>	<u>-</u>	<u>169,240</u>
Total Supporting services	<u>347,513</u>	<u>-</u>	<u>-</u>	<u>347,513</u>	<u>365,774</u>	<u>-</u>	<u>-</u>	<u>365,774</u>
Total Expenses	<u>1,808,108</u>	<u>-</u>	<u>-</u>	<u>1,808,108</u>	<u>1,856,291</u>	<u>-</u>	<u>-</u>	<u>1,856,291</u>
Change in Net Assets	170,840	(16,418)	1,379	155,801	125,774	(67,027)	211,279	270,026
Net Assets - January 1	<u>2,375,739</u>	<u>500,587</u>	<u>574,267</u>	<u>3,450,593</u>	<u>2,249,965</u>	<u>567,614</u>	<u>362,988</u>	<u>3,180,567</u>
Net assets - December 31	<u>\$ 2,546,579</u>	<u>\$ 484,169</u>	<u>\$ 575,646</u>	<u>\$ 3,606,394</u>	<u>\$ 2,375,739</u>	<u>\$ 500,587</u>	<u>\$ 574,267</u>	<u>\$ 3,450,593</u>

The accompanying notes are an integral part of this financial statement.

**CANCER CARE SERVICES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Reconciliation of Change in Net Assets to Cash Flows from Operating Activities		
Changes in net assets	\$ 155,801	\$ 270,026
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	43,432	41,558
Contributions restricted for long-term purposes	(1,379)	(211,279)
Net investment (gains) losses on investments	(95,682)	(261,586)
Change in:		
Contributions receivable, net	43,407	55,402
Prepaid expenses and other	4,348	(4,502)
Accounts payable and accrued expenses	(11,785)	(2,155)
Assets restricted for endowment	(1,379)	-
Compensated absences	(674)	1,644
Unearned revenue	-	(63,003)
Net cash provided (used) by operating activities	<u>136,089</u>	<u>(173,895)</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	(28,484)	-
Purchase of marketable securities	(926,149)	(1,400,637)
Proceeds from sales and maturities of marketable securities	919,517	1,232,520
Net cash provided by (used in) investing activities	<u>(35,116)</u>	<u>(168,117)</u>
Cash Flows From Financing Activities		
Payments on capital lease obligation	-	(2,800)
Contributions restricted for long-term purposes	1,379	211,279
Net cash provided by (used in) financing activities	<u>1,379</u>	<u>208,479</u>
Net Change in Cash and Cash Equivalents	102,352	(133,533)
Cash and cash equivalents - January 1	309,973	443,506
Cash and cash equivalents - December 31	<u>\$ 412,325</u>	<u>\$ 309,973</u>
Supplemental Cash Flow Information:		
Non-cash contributions received in-kind	<u>\$ 135,601</u>	<u>\$ 116,853</u>

The accompanying notes are an integral part of this financial statement.

**CANCER CARE SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Program Services			Supporting Services		Total Supporting Services	Total Program and Supporting Services
	Cancer Related Financial Support	Psycho-Social and Outreach Services	Total Program Services	Management and General	Development		
Salaries	\$ 358,541	\$ 302,313	\$ 660,854	\$ 95,328	\$ 129,057	\$ 224,385	\$ 885,239
Employee benefits	35,140	34,335	69,475	7,977	11,702	19,679	89,154
Payroll taxes and other	34,184	28,570	62,754	8,657	11,528	20,185	82,939
Total salaries and related expenses	427,865	365,218	793,083	111,962	152,287	264,249	1,057,332
Professional fees	32,108	26,398	58,506	19,218	14,116	33,334	91,840
Office supplies	1,365	1,644	3,009	2,419	342	2,761	5,770
Telephone	2,864	2,816	5,680	2,260	59	2,319	7,999
Postage	3,201	1,449	4,650	613	528	1,141	5,791
Occupancy	1,713	1,445	3,158	537	297	834	3,992
Utilities	6,444	9,210	15,654	3,193	1,197	4,390	20,044
Printing and promotion	3,982	1,800	5,782	400	1,020	1,420	7,202
Transportation	1,204	1,315	2,519	1,314	1,044	2,358	4,877
Conferences and meetings	21	959	980	1,840	1,225	3,065	4,045
Direct client financial assistance	421,161	-	421,161	-	-	-	421,161
Special client activities	-	37,958	37,958	26	9	35	37,993
Dues and subscriptions	6,993	4,800	11,793	555	855	1,410	13,203
Investment admin fees	-	-	-	8,270	-	8,270	8,270
Insurance	8,410	3,807	12,217	1,610	1,386	2,996	15,213
Equipment costs	6,131	2,776	8,907	1,173	1,010	2,183	11,090
Repairs and maintenance	8,275	9,760	18,035	6,028	1,492	7,520	25,555
	931,737	471,355	1,403,092	161,418	176,867	338,285	1,741,377
In-kind expense	20,125	2,498	22,623	676	-	676	23,299
Depreciation	24,009	10,871	34,880	4,595	3,957	8,552	43,432
Total Expenses	\$ 975,871	\$ 484,724	\$ 1,460,595	\$ 166,689	\$ 180,824	\$ 347,513	\$ 1,808,108

The accompanying notes are an integral part of this financial statement.

**CANCER CARE SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Program Services			Supporting Services			Total Program and Supporting Services
	Cancer Related Financial Support	Psycho-Social and Outreach Services	Total Program Services	Management and General	Development	Total Supporting Services	
Salaries	\$ 289,275	\$ 280,538	\$ 569,813	\$ 115,388	\$ 119,336	\$ 234,724	\$ 804,537
Employee benefits	33,532	38,422	71,954	13,425	11,007	24,432	96,386
Payroll taxes and other	27,619	26,062	53,681	10,006	10,925	20,931	74,612
Total salaries and related expenses	350,426	345,022	695,448	138,819	141,268	280,087	975,535
Professional fees	29,977	21,784	51,761	15,834	15,794	31,628	83,389
Office supplies	217	1,066	1,283	10,094	33	10,127	11,410
Telephone	2,665	3,028	5,693	1,851	70	1,921	7,614
Postage	-	22	22	5,416	137	5,553	5,575
Occupancy	1,333	2,673	4,006	2,653	81	2,734	6,740
Utilities	6,348	12,723	19,071	282	386	668	19,739
Printing and promotion	-	2,965	2,965	2,378	1,950	4,328	7,293
Transportation	1,940	2,594	4,534	950	1,707	2,657	7,191
Conferences and meetings	3,725	2,705	6,430	1,991	-	1,991	8,421
Direct client financial assistance	557,161	2,100	559,261	-	-	-	559,261
Special client activities	-	32,485	32,485	255	12	267	32,752
Dues and subscriptions	3,388	4,720	8,108	1,000	-	1,000	9,108
Investment admin fees	-	-	-	5,617	-	5,617	5,617
Insurance	8,052	3,532	11,584	1,224	1,099	2,323	13,907
Equipment costs	7,064	3,099	10,163	1,153	964	2,117	12,280
Repairs and maintenance	9,925	11,701	21,626	1,043	2,456	3,499	25,125
	982,221	452,219	1,434,440	190,560	165,957	356,517	1,790,957
In-kind expense	19,939	1,520	21,459	2,317	-	2,317	23,776
Depreciation	24,062	10,556	34,618	3,657	3,283	6,940	41,558
Total Expenses	\$ 1,026,222	\$ 464,295	\$ 1,490,517	\$ 196,534	\$ 169,240	\$ 365,774	\$ 1,856,291

The accompanying notes are an integral part of this financial statement.

**CANCER CARE SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Cancer Care Services (“Agency”) is a Texas nonprofit corporation chartered in 1946. The Agency exists to provide help and hope to cancer patients, their families and caregivers through financial, emotional, spiritual and social programs and services. The Agency is primarily supported by foundations, the general public and United Way.

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 of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and revenues and expenses reported during the period. Actual results could differ from those estimates.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Net assets and revenues, expenses, gains and losses are classified based on the existence of absence of donor-imposed restrictions. Accordingly, net assets of the Agency and changes therein are classified and reported as follows:

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations are classified as unrestricted. These may be designated for specific purposes by action of the Board of Directors.

Temporarily restricted net assets – support that is restricted by the donor is reported as an increase in temporarily restricted net assets. Donor restricted support that will be met either by action of the Agency and/or the passage of time, are classified as an increase in temporarily restricted net assets. When restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by the Agency are classified as permanently restricted.

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**CANCER CARE SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and certain highly liquid investments purchased with an initial maturity of three months or less.

Endowment Investments

The agency reports its investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Investment return includes interest, dividends and realized and unrealized gains and losses and is included in the statements of activities as increases in unrestricted net assets, unless restricted by the donor or law.

Revenue Recognition

The Agency's primary source of revenue is contributions from donors who are interested in furthering the mission of the Agency. Contributions are recognized when received, or in the event of an unconditional pledge, recognized when the commitment has been made to the Agency.

Unearned Revenue

Unearned revenue represents program contract receipts for future services related to social workers. The Agency records revenue as the services are performed.

Contributed Services

A number of volunteers have donated significant time to the Agency's operations. The value of donated volunteer services is not recorded as a donation since no objective basis is available to measure the value of such services.

Federal Income Taxes

The Agency is a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code therefore, is not subject to income taxes. The Agency is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

Compensated Absences

The Agency allows employees to carry over up to 40 hours of unused vacation each year. Employees are paid any unused vacation upon leaving the Agency.

**CANCER CARE SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed Assets and Accumulated Depreciation

Expenditures for property and equipment are recorded at cost. The Agency defines capital assets as those with an individual cost of \$1,000 or more and a useful life exceeding three years. Property and equipment are being depreciated using the straight-line method over the following estimated useful lives:

Office Equipment	3 – 5 years
Buildings and Improvements	15 – 39.5 years

B. CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are comprised of the following as of December 31:

	2014	2013
Contributions Receivable	\$53,110	\$7,149
Allowance for Uncollectible accounts	-	(632)
	<u>\$53,110</u>	<u>\$6,517</u>
Receivable in less than one year	\$53,110	\$7,149
Receivable in one to five years	-	-
	<u>\$53,110</u>	<u>\$7,149</u>

Unconditional promises to give as of December 31, 2014 and 2013 are primarily receivables from individuals and foundations and are carried at net realizable value, which approximates the net present value of estimated future cash flows.

C. INVESTMENTS

Investments are carried at fair value and are comprised of the following as of December 31:

	2014	2013
Money Market Funds	\$80,389	\$73,607
Debt Securities	715,074	574,741
Equity Securities	1,292,704	1,343,859
Mutual Funds	142,289	135,945
TOTAL	<u>\$2,230,465</u>	<u>\$2,128,152</u>

**CANCER CARE SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

C. INVESTMENTS (continued)

The following schedule summarizes investment return, including interest on cash bearing accounts and certificates of deposit and its classification in the financial statements for the years ending December 31:

	<u>2014</u>	<u>2013</u>
Net realized gain (loss) on sale of investments	\$110,937	\$107,817
Net unrealized gain (loss) on investments	<u>(18,578)</u>	<u>150,073</u>
	92,359	257,890
Interest/Dividend Income	<u>45,257</u>	<u>38,641</u>
TOTAL	<u>\$137,616</u>	<u>\$296,531</u>

D. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board Accounting Standards Codification, *Fair Value Measurements* (“ASC 820”), establishes a framework for measuring fair value. That framework 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) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB Statement No. 157 are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.
- Level 2 Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means;
 If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**CANCER CARE SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

D. FAIR VALUE MEASUREMENTS (continued)

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.

Following is a description of the valuation methodologies used for assets measured at fair value.

Common stocks, corporate bonds and U.S. Government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds: Valued at the net asset value ("NAV") of shares held by the plan at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

ASSETS AT FAIR VALUE AS OF DECEMBER 31, 2014

Investment Category	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Money Market Funds	\$ 80,398	\$ 80,398	\$ -	\$ -
Debt Securities	715,074	715,074	-	-
Equity Securities	1,292,704	1,292,704	-	-
Mutual Funds	142,289	142,289	-	-
Total Investments	<u>\$2,230,465</u>	<u>\$2,230,465</u>	<u>\$ -</u>	<u>\$ -</u>

E. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment, less the related accumulated depreciation as of December 31:

	2014	2013
Land	<u>\$ 75,000</u>	<u>\$ 75,000</u>
Buildings and Improvements	1,218,739	1,218,739
Office Equipment and Furniture	138,000	109,516
Total Depreciable Assets	<u>\$1,356,739</u>	<u>\$1,328,255</u>
Accumulated Depreciation	<u>(493,245)</u>	<u>(449,813)</u>
Total Depreciable Assets - Net of Accumulated Depreciation	<u>863,494</u>	<u>878,442</u>
Total Fixed Assets-Net of Accumulated Depreciation	<u>\$938,494</u>	<u>\$953,442</u>

**CANCER CARE SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

F. LEASES

The Agency leases certain office equipment under a non-cancellable operating lease. The Agency's lease expense amounted to \$10,230 during 2014 and \$14,980 during 2013.

Future minimum lease payments on lease obligations are as follows for the years ending December 31:

	<u>Operating Lease</u>
2015	\$10,230
2016	10,230
2017	2,558
Total	<u>\$23,018</u>

G. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets consist of contributions restricted for the following purposes or periods as of December 31:

	<u>2014</u>	<u>2013</u>
Time Restrictions	\$468,564	\$457,052
Program Restrictions	15,605	43,535
	<u>\$484,169</u>	<u>\$500,587</u>

Net assets of \$281,037 in 2014 and \$391,831 in 2013 were released from restrictions as a result of program expenditures and/or the passage of time which satisfied the temporary restrictions imposed by donors.

Permanently restricted net assets consist of endowed gifts to be held in perpetuity. These permanently restricted net assets are included in the investments reported in the statements of financial position. The investment income and realized and unrealized gains (losses) on certain of these net assets must be used for specific purposes stipulated by the donor.

The Agency's endowments consist of three individual donor-restricted funds established for a variety of purposes and funds designated by the Board of Directors to function as an endowment. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as an endowment, are classified and reported based on the existence of, or absence of, donor-imposed restrictions.

**CANCER CARE SERVICES
NOTES TO THE FINANCIAL STATEMENTS
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H. ENDOWMENTS

The Board of Directors of the Agency has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (“Act”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with explicit donor stipulations. The remaining portion of the donor-restricted endowment fund is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by the Act. The Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- ♥ The duration and preservation of the fund
- ♥ The purposes of the Agency and donor-restricted endowment fund
- ♥ General economic conditions
- ♥ The possible effect of inflation and deflation
- ♥ The expected total return from income and the appreciation of investments
- ♥ Other resources of the Agency
- ♥ The investment policies of the Agency

The Agency has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Agency must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds.

To satisfy its long-term rate-of-return objectives, the Agency relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Agency targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Disbursements to the Agency, when needed, shall not exceed 7% of the asset value on December 31 of the previous year. However, the total disbursement over 3 rolling years cannot exceed 15%. The actual percentage distribution will be determined by the Finance Committee or the Board of Directors.

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H. ENDOWMENTS (continued)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the Agency is required to retain as a fund of perpetual duration. There are no deficiencies of this nature that are reported in unrestricted net assets as of December 31, 2014 or as of December 31, 2013.

Endowment net assets are comprised of the following as of December 31, 2014 and 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>TOTAL</u>
December 31, 2013				
Donor-restricted endowment funds	\$ -	\$449,902	\$574,267	\$1,024,169
Board-designated endowment funds	1,069,237	-	-	1,069,237
	<u>\$1,069,237</u>	<u>\$449,902</u>	<u>\$574,267</u>	<u>\$2,093,406</u>
December 31, 2014				
Donor-restricted endowment funds	\$ -	\$468,565	\$575,646	\$1,044,211
Board-designated endowment funds	1,139,623	-	-	1,139,623
	<u>\$1,139,623</u>	<u>\$468,565</u>	<u>\$575,646</u>	<u>\$2,183,834</u>

The changes in endowment net assets for the years ended December 31, 2014 and 2013 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>TOTAL</u>
Beginning balance: January 1, 2013	\$ 930,397	\$406,444	\$362,988	\$1,699,829
Investment return:				
Investment income	25,415	13,226	-	38,641
Net realized gains	74,513	33,304	-	107,817
Net unrealized gains	70,510	83,259	-	153,769
	<u>1,100,835</u>	<u>536,233</u>	<u>362,988</u>	<u>2,000,056</u>
Contributions	43,655	-	211,279	254,934
Appropriation of endowment assets for expenditures	(69,636)	(82,635)	-	(152,271)
Investment fees	(5,617)	(3,696)	-	(9,313)
Endowment net assets as of December 31, 2013	<u>\$1,069,237</u>	<u>\$449,902</u>	<u>\$574,267</u>	<u>\$2,093,406</u>

**CANCER CARE SERVICES
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H. ENDOWMENTS (continued)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>TOTAL</u>
Beginning balance: January 1, 2014	\$1,069,237	\$449,902	\$574,267	\$2,093,406
Investment return:				
Investment income	26,123	19,134	-	45,257
Net realized gains	43,864	67,073	-	110,937
Net unrealized gains (losses)	7,442	(24,558)	-	(17,116)
	<u>1,146,666</u>	<u>511,551</u>	<u>574,267</u>	<u>2,232,484</u>
Contributions	-	-	1,379	1,379
Appropriation of endowment assets for expenditures	-	(37,018)	-	(37,018)
Investment fees	(7,043)	(5,968)	-	(13,011)
Endowment net assets as of December 31, 2013	<u>\$1,139,623</u>	<u>\$468,565</u>	<u>\$575,646</u>	<u>\$2,183,834</u>

I. RETIREMENT PLAN

The Agency has a Safe Harbor 401(k) plan administered by Insperity, their PEO Company. Beginning January 1, 2012, through the 401(k) plan, the Agency matched employee contributions 100% up to 3% of gross employee wage contributed; and \$0.50 on a \$1 for the next 2% contributed by the employee. The maximum match the Agency made to any one employee would be 4% when the employee contributed 5% of their wage to the plan. During 2014 and 2013, the Agency contributed \$2,483 and \$16,719, respectively into the 401(k) plan.

J. SPECIAL EVENTS

The Agency held various special events during the years ended December 31, 2014 and 2013. Revenue and expenses for these events are as follows:

	<u>2014</u>	<u>2013</u>
Cash Revenue	\$451,042	\$378,896
In-kind Contributions	112,302	93,077
	<u>563,344</u>	<u>471,973</u>
Cash Expenses	61,197	61,661
In-kind Expenses	112,302	93,077
	<u>173,499</u>	<u>154,738</u>
Net Revenues	<u>\$389,845</u>	<u>\$317,235</u>

**CANCER CARE SERVICES
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K. IN- KIND REVENUES

In-kind revenues were comprised as followed as of December 31, 2014, and 2013:

	<u>2014</u>	<u>2013</u>
Special Events	\$112,302	\$93,077
Program & Support Services	23,299	23,776
	<u>\$135,601</u>	<u>\$116,853</u>

L. LINE OF CREDIT

The Agency has a \$150,000 line of credit at OmniAmerican Bank. No draws were made in 2013 or 2014. There is no money owed on the line of credit.

M. SUBSEQUENT EVENTS

The Agency has evaluated all events or transactions that have occurred after December 31, 2014 up through July 9, 2015, which is the date the financial statements were available to be issued and has nothing to report as unusual or relevant to its ongoing operations.