

CANCER CARE SERVICES

ANNUAL FINANCIAL REPORT

For the Years Ended December 31, 2016 and 2015

**CANCER CARE SERVICES
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December 31, 2016 and 2015

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Michael Conway, CPA
Neil Conway, CPA

Toll Free (800) 594-7951
Metro (903) 450-1200

CONWAY COMPANY CPAs PC
ACCOUNTANTS & ADVISORS

www.conwaycpas.com

PO Box 8234
Greenville, Texas 75404-8234

Member
American Institute of CPAs
Texas Society of CPAs

INDEPENDENT AUDITOR'S REPORT

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, 2016 and 2015, and the related statements of activities 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.

8910 Wesley Street
Greenville, Texas 75402
Office (903) 455-9898
Fax (903) 454-3181

603 South Goliad Street
Rockwall, Texas 75087
Office (972) 771-1065
Fax (972) 771-1022

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, 2016 and 2015, and the changes in net assets 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.

November 2, 2017

**CANCER CARE SERVICES
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016 AND 2015**

	2016	2015
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 484,239	\$ 605,685
Contributions Receivable Net	246,095	24,999
Prepaid Expenses	45,565	13,353
Total Current Assets	775,899	644,037
Non-current Assets:		
Endowment Investments - Restricted	1,017,553	1,000,939
Endowment Investments - Designated	1,116,770	1,136,101
Investment - Infrastructure	88,171	66,069
Assets Restricted for Endowment	3,377	1,379
Total Non-current Assets	2,225,871	2,204,488
Fixed Assets:		
Land	75,000	75,000
Machinery & Equipment	112,560	111,919
Buildings & Improvements	1,246,057	1,218,739
Sub-total Property and Equipment	1,433,617	1,405,658
Less: Accumulated Depreciation	(542,030)	(493,539)
Total Fixed Assets, Net	891,587	912,119
TOTAL ASSETS	3,893,357	3,760,644
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Expenses	93,487	23,835
Unearned Revenue	136,474	114,225
Total Current Liabilities	229,961	138,060
Net Assets:		
Unrestricted		
Designated for endowment	1,116,770	1,136,101
Designated for infrastructure	88,171	66,069
Undesignated	1,191,430	1,257,676
Total Unrestricted	2,396,371	2,459,846
Temporarily Restricted	690,000	585,713
Permanently Restricted	577,025	577,025
Total Net Assets	3,663,396	3,622,584
TOTAL LIABILITIES AND NET ASSETS	\$ 3,893,357	\$ 3,760,644

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

**CANCER CARE SERVICES
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues								
Special events income (includes in-kind donations)	\$ 135,507	\$ -	\$ -	\$ 135,507	\$ 417,275	\$ -	\$ -	\$ 417,275
Less: Benefit to Donor Costs	(75,059)	-	-	(75,059)	(160,568)	-	-	(160,568)
	<u>60,448</u>	<u>-</u>	<u>-</u>	<u>60,448</u>	<u>256,707</u>	<u>-</u>	<u>-</u>	<u>256,707</u>
Contributions and grants	903,244	452,038	-	1,355,282	538,185	495,596	1,379	1,035,160
Program contracts	517,325	-	-	517,325	456,900	-	-	456,900
Miscellaneous Income	29,109	-	-	29,109	25,565	-	-	25,565
United Way allocation	77,843	-	-	77,843	80,259	-	-	80,259
Rental Income	9,900	-	-	9,900	11,050	-	-	11,050
Investment Income	120,664	10,793	-	131,457	7,389	(10,671)	-	(3,282)
Reclassification of endowment assets	-	-	-	-	(6,430)	6,430	-	-
Net assets released from restrictions	358,544	(358,544)	-	-	389,811	(389,811)	-	-
Total Support and Revenues	<u>2,077,077</u>	<u>104,287</u>	<u>-</u>	<u>2,181,364</u>	<u>1,759,436</u>	<u>101,544</u>	<u>1,379</u>	<u>1,862,359</u>
Expenses								
Program services								
Cancer related financial support	1,244,693	-	-	1,244,693	962,040	-	-	962,040
Psycho-Social and outreach services	535,337	-	-	535,337	494,868	-	-	494,868
Total Program services	<u>1,780,030</u>	<u>-</u>	<u>-</u>	<u>1,780,030</u>	<u>1,456,908</u>	<u>-</u>	<u>-</u>	<u>1,456,908</u>
Supporting services								
Management and general	184,508	-	-	184,508	186,430	-	-	186,430
Development	176,014	-	-	176,014	202,831	-	-	202,831
Total Supporting services	<u>360,522</u>	<u>-</u>	<u>-</u>	<u>360,522</u>	<u>389,261</u>	<u>-</u>	<u>-</u>	<u>389,261</u>
Total Expenses	<u>2,140,552</u>	<u>-</u>	<u>-</u>	<u>2,140,552</u>	<u>1,846,169</u>	<u>-</u>	<u>-</u>	<u>1,846,169</u>
Change in Net Assets	(63,475)	104,287	-	40,812	(86,733)	101,544	1,379	16,190
Net Assets - January 1	<u>2,459,846</u>	<u>585,713</u>	<u>577,025</u>	<u>3,622,584</u>	<u>2,546,579</u>	<u>484,169</u>	<u>575,646</u>	<u>3,606,394</u>
Net assets - December 31	<u>\$ 2,396,371</u>	<u>\$ 690,000</u>	<u>\$ 577,025</u>	<u>\$ 3,663,396</u>	<u>\$ 2,459,846</u>	<u>\$ 585,713</u>	<u>\$ 577,025</u>	<u>\$ 3,622,584</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, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Reconciliation of Change in Net Assets to Cash Flows from Operating Activities		
Changes in net assets	\$ 40,812	\$ 16,190
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	48,490	46,333
Contributions restricted for long-term purposes	-	-
Net investment (gains) losses on investments	(40,141)	30,102
Change in:		
Contributions receivable, net	(221,095)	28,111
Prepaid expenses and other	(32,212)	(1,027)
Accounts payable and accrued expenses	69,652	(7,077)
Assets restricted for endowment	(3,377)	(1,379)
Compensated absences	-	(12,172)
Unearned revenue	22,249	114,225
Net cash provided (used) by operating activities	<u>(115,622)</u>	<u>213,306</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	(27,959)	(19,958)
Purchase of marketable securities	(1,100,151)	(1,142,572)
Proceeds from sales and maturities of marketable securities	1,122,286	1,139,826
Net cash provided by (used in) investing activities	<u>(5,824)</u>	<u>(22,704)</u>
Cash Flows From Financing Activities		
Contributions restricted for endowment	-	2,758
Net cash provided by (used in) financing activities	<u>-</u>	<u>2,758</u>
Net Change in Cash and Cash Equivalents	(121,446)	193,360
Cash and cash equivalents - January 1	605,685	412,325
Cash and cash equivalents - December 31	<u>\$ 484,239</u>	<u>\$ 605,685</u>
Supplemental Cash Flow Information:		
Non-cash contributions received in-kind	<u>\$ 66,289</u>	<u>\$ 126,924</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, 2016**

	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	\$ 427,164	\$ 346,421	\$ 773,585	\$ 86,533	\$ 121,424	\$ 207,957	\$ 981,542
Employee benefits	46,872	36,946	83,818	11,085	12,726	23,811	107,629
Payroll taxes and other	36,509	29,067	65,576	6,940	10,132	17,072	82,648
Total salaries and related expenses	510,545	412,434	922,979	104,558	144,282	248,840	1,171,819
Professional fees	27,921	24,990	52,911	22,628	15,619	38,247	91,158
Office supplies	1,606	1,479	3,085	6,045	211	6,256	9,341
Telephone	2,951	3,172	6,123	1,012	356	1,368	7,491
Postage	1,289	557	1,846	2,319	297	2,616	4,462
Occupancy	5,300	3,089	8,389	2,359	53	2,412	10,801
Utilities	6,839	12,835	19,674	328	410	738	20,412
Printing and promotion	50	810	860	1,857	3,619	5,476	6,336
Transportation	1,734	2,524	4,258	145	291	436	4,694
Conferences and meetings	-	602	602	-	325	325	927
Direct client financial assistance	620,488	-	620,488	-	-	-	620,488
Special client activities	-	30,591	30,591	489	-	489	31,080
Dues and subscriptions	77	2,566	2,643	1,168	715	1,883	4,526
Investment admin fees	-	-	-	13,596	-	13,596	13,596
Insurance	7,741	3,943	11,684	1,316	1,607	2,923	14,607
Equipment costs	4,843	2,735	7,578	1,716	1,025	2,741	10,319
Repairs and maintenance	7,952	13,903	21,855	21,112	2,148	23,260	45,115
	1,199,336	516,230	1,715,566	180,648	170,958	351,606	2,067,172
In-kind expense	19,149	5,741	24,890	-	-	-	24,890
Depreciation	26,208	13,366	39,574	3,860	5,056	8,916	48,490
Total Expenses	\$ 1,244,693	\$ 535,337	\$ 1,780,030	\$ 184,508	\$ 176,014	\$ 360,522	\$ 2,140,552

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

**CANCER CARE SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	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	\$ 354,113	\$ 313,656	\$ 667,769	\$ 99,571	\$ 141,904	\$ 241,475	\$ 909,244
Employee benefits	32,917	33,037	65,954	10,213	13,368	23,581	89,535
Payroll taxes and other	30,185	27,552	57,737	8,387	11,714	20,101	77,838
Total salaries and related expenses	417,215	374,245	791,460	118,171	166,986	285,157	1,076,617
Professional fees	20,238	15,328	35,566	27,129	21,318	48,447	84,013
Office supplies	2,839	1,440	4,279	5,557	811	6,368	10,647
Telephone	3,233	2,161	5,394	1,102	612	1,714	7,108
Postage	1,585	814	2,399	1,805	335	2,140	4,539
Occupancy	2,091	1,711	3,802	1,421	63	1,484	5,286
Utilities	6,335	12,346	18,681	293	399	692	19,373
Printing and promotion	437	2,257	2,694	3,246	2,055	5,301	7,995
Transportation	320	1,792	2,112	727	426	1,153	3,265
Conferences and meetings	-	2,834	2,834	209	2,745	2,954	5,788
Direct client financial assistance	446,277	-	446,277	-	-	-	446,277
Special client activities	-	37,593	37,593	295	26	321	37,914
Dues and subscriptions	132	770	902	70	945	1,015	1,917
Investment admin fees	-	-	-	7,503	-	7,503	7,503
Insurance	8,950	4,563	13,513	1,499	1,761	3,260	16,773
Equipment costs	3,922	2,410	6,332	3,099	721	3,820	10,152
Repairs and maintenance	8,054	9,679	17,733	9,680	474	10,154	27,887
	921,628	469,943	1,391,571	181,806	199,677	381,483	1,773,054
In-kind expense	19,791	5,036	24,827	1,955	-	1,955	26,782
Depreciation	20,621	19,889	40,510	2,669	3,154	5,823	46,333
Total Expenses	\$ 962,040	\$ 494,868	\$ 1,456,908	\$ 186,430	\$ 202,831	\$ 389,261	\$ 1,846,169

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, 2016 AND 2015**

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, 2016 AND 2015**

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 and dietitians. 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.

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

**CANCER CARE SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

B. CONTRIBUTIONS RECEIVABLE

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

	2016	2015
Contributions Receivable	\$265,595	\$24,999
Allowance for Uncollectible accounts	(19,500)	-
	<u>\$246,095</u>	<u>\$24,999</u>
Receivable in less than one year	\$62,491	\$24,999
Receivable in one to five years	183,604	-
	<u>\$246,095</u>	<u>\$24,999</u>

Unconditional promises to give as of December 31, 2016 and 2015 are primarily receivables from individuals and foundations and are carried at net realizable value, which approximates the fair value of estimated future cash flows.

C. INVESTMENTS

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

	2016	2015
Money Market Funds	\$78,441	\$102,265
Debt Securities	670,323	651,175
Equity Securities	1,404,367	1,343,610
Mutual Funds	69,363	106,059
TOTAL	<u>\$2,222,494</u>	<u>\$2,203,109</u>

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:

	2016	2015
Net realized gain (loss) on sale of investments	\$55,692	\$74,094
Net unrealized gain (loss) on investments	23,161	(112,044)
	78,853	(37,950)
Interest/Dividend Income	52,604	34,668
TOTAL	<u>\$131,457</u>	<u>(\$3,282)</u>

**CANCER CARE SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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.

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, 2016

Investment Category	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Money Market Funds	\$78,441	\$78,441	\$ -	\$ -
Debt Securities	670,323	670,323	-	-
Equity Securities	1,404,367	1,404,367	-	-
Mutual Funds	69,363	69,363	-	-
Total Investments	<u>\$2,222,494</u>	<u>\$2,222,494</u>	<u>\$ -</u>	<u>\$ -</u>

**CANCER CARE SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

E. PROPERTY AND EQUIPMENT

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

	<u>2016</u>	<u>2015</u>
Land	\$ 75,000	\$ 75,000
Buildings and Improvements	1,246,057	1,218,739
Office Equipment and Furniture	112,560	111,919
Total Depreciable Assets	<u>\$1,358,617</u>	<u>\$1,330,658</u>
Accumulated Depreciation	<u>(542,030)</u>	<u>(493,539)</u>
Total Depreciable Assets - Net of Accumulated Depreciation	<u>816,587</u>	<u>837,119</u>
Total Fixed Assets-Net of Accumulated Depreciation	<u>\$891,587</u>	<u>\$912,119</u>

F. LEASES

The Agency leases certain office equipment under a non-cancellable operating lease. The Agency's lease expense amounted to \$10,319 during 2016 and \$10,152 during 2015.

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

	<u>Operating Lease</u>
2017	\$10,230
2018	10,230
Total	<u>\$20,460</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>2016</u>	<u>2015</u>
Time Restrictions	\$ 246,095	\$575,706
Program Restrictions	443,905	10,007
	<u>\$690,000</u>	<u>\$585,713</u>

Net assets of \$358,544 in 2016 and \$389,811 in 2015 were released from restrictions as a result of program expenditures and/or the passage of time which satisfied the temporary restrictions imposed by donors.

**CANCER CARE SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

G. RESTRICTIONS ON NET ASSETS (continued)

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.

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.

**CANCER CARE SERVICES
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H. ENDOWMENTS (continued)

Board designated 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.

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, 2016 or as of December 31, 2015.

Endowment net assets are comprised of the following as of December 31, 2016 and 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>TOTAL</u>
December 31, 2015				
Donor-restricted endowment funds	\$ -	\$425,293	\$577,025	\$1,002,318
Board-designated endowment funds	1,136,101	-	-	1,136,101
	<u>\$1,136,101</u>	<u>\$425,293</u>	<u>\$577,025</u>	<u>\$2,138,419</u>
December 31, 2016				
Donor-restricted endowment funds	\$ -	\$443,905	\$577,025	\$1,020,930
Board-designated endowment funds	1,116,770	-	-	1,116,770
	<u>\$1,116,770</u>	<u>\$443,905</u>	<u>\$577,025</u>	<u>\$2,137,700</u>

The changes in endowment net assets for the years ended December 31, 2016 and 2015 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>TOTAL</u>
Beginning balance: January 1, 2015	\$1,139,623	\$468,565	\$575,646	\$2,183,834
Investment return:				
Investment income	21,885	12,783	-	34,668
Net realized gains	61,155	18,926	-	80,081
Net unrealized gains	(74,541)	(36,253)	-	(110,794)
	<u>1,148,122</u>	<u>464,021</u>	<u>575,646</u>	<u>2,187,789</u>
Contributions	-	-	1,379	1,379
Appropriation of endowment assets for expenditures	-	(39,031)	-	(39,031)
Reclassification	(6,430)	6,430	-	-
Investment fees	(5,591)	(6,127)	-	(11,718)
Endowment net assets as of December 31, 2015	<u>\$1,136,101</u>	<u>\$425,293</u>	<u>\$577,025</u>	<u>\$2,138,419</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, 2016	\$1,136,101	\$425,293	\$577,025	\$2,138,419
Investment return:				
Investment income	21,031	14,708	-	35,740
Net realized gains	43,468	17,833	-	57,924
Net unrealized gains (losses)	(936)	27,970	-	27,034
	<u>1,199,664</u>	<u>485,804</u>	<u>577,025</u>	<u>2,259,117</u>
Contributions			-	-
Appropriation of endowment assets for expenditures	(78,443)	(35,757)	-	(114,200)
Investment fees	<u>(4,451)</u>	<u>(6,142)</u>	<u>-</u>	<u>(10,593)</u>
Endowment net assets as of December 31, 2016	<u>\$1,116,770</u>	<u>\$443,905</u>	<u>\$577,025</u>	<u>\$2,137,700</u>

I. RETIREMENT PLAN

The Agency has a Safe Harbor 401(k) plan administered by Nextep, their PEO Company. There were no matching contributions made during 2016 or 2015.

J. SPECIAL EVENTS

The Agency held various special events during the years ended December 31, 2016 and 2015. Revenue and expenses for these events are as follows:

	<u>2016</u>	<u>2015</u>
Cash Revenue	\$94,108	\$317,133
In-kind Contributions	41,399	100,142
	<u>135,507</u>	<u>417,275</u>
Cash Expenses	33,660	60,426
In-kind Expenses	41,399	100,142
	<u>75,059</u>	<u>160,568</u>
Net Revenues	<u>\$60,448</u>	<u>\$256,707</u>

**CANCER CARE SERVICES
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K. IN- KIND REVENUES

In-kind revenues were comprised as followed as of December 31, 2016, and 2015:

	2016	2015
Special Events	<u>\$41,399</u>	<u>\$100,142</u>
Program & Support Services	<u>24,890</u>	<u>26,782</u>
	<u>\$66,289</u>	<u>\$126,924</u>

L. SUBSEQUENT EVENTS

The Agency has evaluated all events or transactions that have occurred after December 31, 2016 up through November 2, 2017, 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.