

CANCER CARE SERVICES

FINANCIAL STATEMENTS

**Years Ended December 31, 2017 and 2016
with Report of Independent Auditors**

CANCER CARE SERVICES

FINANCIAL STATEMENTS

Years Ended December 31, 2017 and 2016

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
Cancer Care Services

We have audited the accompanying financial statements of Cancer Care Services, which comprise the statements of financial position as of December 31, 2017, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 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.

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, 2017, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of Cancer Care Services as of and for the year ended December 31, 2016, were audited by another auditor who expressed an unmodified opinion on those statements on November 2, 2017.



Fort Worth, Texas
June 28, 2018

CANCER CARE SERVICES
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2017	2016
Assets		
Cash and cash equivalents	\$ 542,955	\$ 484,239
Contributions receivable, net	359,485	246,095
Prepaid expenses	42,347	45,565
Property and equipment, net	851,551	891,587
Board-designated endowment investments	1,295,527	1,116,770
Restricted endowment investments	1,129,911	1,017,553
Other investments designated for infrastructure	139,383	88,171
Assets restricted for endowment	-	3,377
	\$ 4,361,159	\$ 3,893,357
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 76,286	\$ 93,487
Deferred revenue	1,125	136,474
Total liabilities	77,411	229,961
Commitments and contingencies		
Net assets:		
Unrestricted		
Designated for endowment	1,295,527	1,116,770
Designated for infrastructure	139,383	88,171
Undesignated	1,451,505	1,191,430
Total unrestricted	2,886,415	2,396,371
Temporarily restricted	820,308	690,000
Permanently restricted	577,025	577,025
Total net assets	4,283,748	3,663,396
Total liabilities and net assets	\$ 4,361,159	\$ 3,893,357

See accompanying notes to financial statements.

CANCER CARE SERVICES
STATEMENTS OF ACTIVITIES

Years ended December 31, 2017 and 2016

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, gains, and other support:								
Contributions and grants	\$ 1,072,445	\$ 463,660	\$ -	\$ 1,536,105	\$ 963,692	\$ 452,038	\$ -	\$ 1,415,730
Program contracts	544,484	-	-	544,484	517,325	-	-	517,325
Miscellaneous income	15,122	-	-	15,122	29,109	-	-	29,109
United Way allocation	90,747	-	-	90,747	77,843	-	-	77,843
Rental income	10,700	-	-	10,700	9,900	-	-	9,900
Investment income	234,188	125,580	-	359,768	120,664	10,793	-	131,457
Net assets released from restrictions	458,932	(458,932)	-	-	358,544	(358,544)	-	-
Total revenue, gains, and other support	<u>2,426,618</u>	<u>130,308</u>	<u>-</u>	<u>2,556,926</u>	<u>2,077,077</u>	<u>104,287</u>	<u>-</u>	<u>2,181,364</u>
Expenses:								
Program services								
Journey of Hope	1,471,124	-	-	1,471,124	-	-	-	-
Cancer related financial support	-	-	-	-	1,244,693	-	-	1,244,693
Psycho-social and outreach services	-	-	-	-	535,337	-	-	535,337
Total program services	<u>1,471,124</u>	<u>-</u>	<u>-</u>	<u>1,471,124</u>	<u>1,780,030</u>	<u>-</u>	<u>-</u>	<u>1,780,030</u>
Supporting services								
Management and general	189,589	-	-	189,589	184,508	-	-	184,508
Development	275,861	-	-	275,861	176,014	-	-	176,014
Total supporting services	<u>465,450</u>	<u>-</u>	<u>-</u>	<u>465,450</u>	<u>360,522</u>	<u>-</u>	<u>-</u>	<u>360,522</u>
Total expenses	<u>1,936,574</u>	<u>-</u>	<u>-</u>	<u>1,936,574</u>	<u>2,140,552</u>	<u>-</u>	<u>-</u>	<u>2,140,552</u>
Changes in net assets	490,044	130,308	-	620,352	(63,475)	104,287	-	40,812
Net assets at beginning of year	<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>
Net assets at end of year	<u>\$ 2,886,415</u>	<u>\$ 820,308</u>	<u>\$ 577,025</u>	<u>\$ 4,283,748</u>	<u>\$ 2,396,371</u>	<u>\$ 690,000</u>	<u>\$ 577,025</u>	<u>\$ 3,663,396</u>

See accompanying notes to financial statements.

CANCER CARE SERVICES
STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2017	2016
Cash flows from operating activities:		
Changes in net assets	\$ 620,352	\$ 40,812
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	46,112	48,490
Discount on contributions receivable	15,554	-
Interest and dividends restricted for reinvestment	(125,580)	-
Realized and unrealized gains on investments	(317,205)	(40,141)
Changes in net assets and liabilities:		
Contributions receivable	(128,944)	(221,095)
Prepaid expenses	3,218	(32,212)
Assets restricted for endowment	3,377	(3,377)
Accounts payable and accrued expenses	(17,201)	69,652
Deferred revenue	(135,349)	22,249
Net cash used in operating activities	(35,666)	(115,622)
Cash flows from investing activities:		
Proceeds from sale of investments	737,711	1,122,286
Purchases of investments	(762,833)	(1,100,151)
Purchases of property and equipment	(6,076)	(27,959)
Net cash used in investing activities	(31,198)	(5,824)
Cash flows from financing activities:		
Interest and dividends restricted for reinvestment	125,580	-
Net cash provided by financing activities	125,580	-
Net increase (decrease) in cash and cash equivalents	58,716	(121,446)
Cash and cash equivalents at beginning of year	484,239	605,685
Cash and cash equivalents at end year	\$ 542,955	\$ 484,239

See accompanying notes to financial statements.

CANCER CARE SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2017

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total Supporting Services</u>	<u>Total Program and Supporting Services</u>
	<u>Journey of Hope Services</u>	<u>Management and General</u>	<u>Development</u>		
Salaries	\$ 767,986	\$ 83,095	\$ 136,135	\$ 219,230	\$ 987,216
Employee benefits	73,402	8,856	9,490	18,346	91,748
Payroll taxes and other	65,052	7,173	11,157	18,330	83,382
Total salaries and related expenses	<u>906,440</u>	<u>99,124</u>	<u>156,782</u>	<u>255,906</u>	<u>1,162,346</u>
Conferences and meetings	1,230	24,073	3,416	27,489	28,719
Dues and subscriptions	1,626	307	3,565	3,872	5,498
Equipment costs	16,935	1,310	603	1,913	18,848
Fundraising	-	-	39,600	39,600	39,600
Insurance	13,591	1,599	2,308	3,907	17,498
Investment administration fees	-	18,250	-	18,250	18,250
Journey of Hope - Connect	38,978	-	-	-	38,978
Journey of Hope - Cope	214,907	488	-	488	215,395
Journey of Hope - Thrive	47,794	-	-	-	47,794
Occupancy	20,222	13,953	681	14,634	34,856
Office supplies	4,037	1,813	338	2,151	6,188
Postage	2,250	693	152	845	3,095
Printing and promotion	4,063	1,213	918	2,131	6,194
Professional fees	101,336	22,798	20,912	43,710	145,046
Repairs and maintenance	17,568	2,676	736	3,412	20,980
Telephone	4,971	144	203	347	5,318
Transportation	3,720	145	910	1,055	4,775
Utilities	20,633	344	428	772	21,405
	<u>1,420,301</u>	<u>188,930</u>	<u>231,552</u>	<u>420,482</u>	<u>1,840,783</u>
In-kind expense	6,272	-	43,407	43,407	49,679
Depreciation	44,551	659	902	1,561	46,112
Total expenses	<u>\$ 1,471,124</u>	<u>\$ 189,589</u>	<u>\$ 275,861</u>	<u>\$ 465,450</u>	<u>\$ 1,936,574</u>

See accompanying notes to financial statements.

CANCER CARE SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2016

	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	\$ 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	<u>510,545</u>	<u>412,434</u>	<u>922,979</u>	<u>104,558</u>	<u>144,282</u>	<u>248,840</u>	<u>1,171,819</u>
Conferences and meetings	-	602	602	-	325	325	927
Direct client financial assistance	620,488	-	620,488	-	-	-	620,488
Dues and subscriptions	77	2,566	2,643	1,168	715	1,883	4,526
Equipment costs	4,843	2,735	7,578	1,716	1,025	2,741	10,319
Insurance	7,741	3,943	11,684	1,316	1,607	2,923	14,607
Investment administration fees	-	-	-	13,596	-	13,596	13,596
Occupancy	5,300	3,089	8,389	2,359	53	2,412	10,801
Office supplies	1,606	1,479	3,085	6,045	211	6,256	9,341
Postage	1,289	557	1,846	2,319	297	2,616	4,462
Printing and promotion	50	810	860	1,857	3,619	5,476	6,336
Professional fees	27,921	24,990	52,911	22,628	15,619	38,247	91,158
Repairs and maintenance	7,952	13,903	21,855	21,112	2,148	23,260	45,115
Special client activities	-	30,591	30,591	489	-	489	31,080
Telephone	2,951	3,172	6,123	1,012	356	1,368	7,491
Transportation	1,734	2,524	4,258	145	291	436	4,694
Utilities	6,839	12,835	19,674	328	410	738	20,412
	<u>1,199,336</u>	<u>516,230</u>	<u>1,715,566</u>	<u>180,648</u>	<u>170,958</u>	<u>351,606</u>	<u>2,067,172</u>
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	<u>\$ 1,244,693</u>	<u>\$ 535,337</u>	<u>\$ 1,780,030</u>	<u>\$ 184,508</u>	<u>\$ 176,014</u>	<u>\$ 360,522</u>	<u>\$ 2,140,552</u>

See accompanying notes to financial statements.

CANCER CARE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

A. Nature of Business

Cancer Care Services (the “Organization”) was organized in 1946 as a Texas non-profit corporation. The primary mission of the Organization is to provide help and hope to cancer patients, their families, and caregivers through financial, emotional, spiritual, and social programs and services. The Organization’s corporate office is located in Fort Worth, Texas.

B. Summary of Significant Accounting Policies

A summary of the Organization’s significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Net assets of the Organization and changes therein are classified according to the existence or absence of donor-imposed restrictions and reported as follows:

- Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts in the financial statements and accompanying notes. Actual results could differ from these estimates and assumptions.

CANCER CARE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS (*continued*)

B. Summary of Significant Accounting Policies – continued

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization maintains deposits in several financial institutions, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (“FDIC”). The Organization has not experienced any losses related to amounts in excess of FDIC limits.

Contributions Receivable

Contributions receivable are recorded as revenue in the year made. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts is computed using risk-adjusted interest rates applicable to the years in which the promises are expected to be received. Amortization of the discount is included in contribution revenue. Management provides for probable uncollectible pledges through a charge to contributions and a credit to an allowance for uncollectible pledges based on its assessment of the current status of individual pledges. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for uncollectible pledges and a credit to pledges receivable.

Investments

GAAP requires investments with readily determinable fair values to be stated at fair value with unrealized gains and losses from fluctuations in market value included in the statement of activities. The fair values of investments in equity securities and debt securities (including mutual fund and real estate investment trust shares) with readily determinable fair values are based on the quoted market price of the shares owned at December 31, 2017 and 2016.

The Organization maintains investments in several financial institutions that are covered members of the Securities Investor Protection Corporation (“SIPC”), which may at times exceed amounts covered by insurance provided by the SIPC. The Organization has not experienced any losses related to amounts in excess of SIPC limits.

GAAP establishes a framework for measuring fair value, which 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 lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GAAP are described as follows:

CANCER CARE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS (*continued*)

B. Summary of Significant Accounting Policies – continued

Investments – continued

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization 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 measurements.

Contributions

Contributions, including unconditional promises to give, are recorded when pledges are made by the respective donors. All contributions are available for unrestricted use unless specifically restricted by the donor. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Bequests are recorded as revenue at the time an unassailable right to the gift has been established and the proceeds are measurable in amount. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Deferred Revenue

Deferred revenue represents program contract receipts for future services related to social workers and dietitians. The Organization records revenue as the services are performed under the contracts.

CANCER CARE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS (*continued*)

B. Summary of Significant Accounting Policies – continued

Donated Assets and Services

Donated assets are recorded at their estimated fair value (as determined by management) at the date of donation. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets; or (b) require specialized skills, and are performed by people with those skills, and would otherwise be purchased by the Organization. Several volunteers have donated significant time to the Organization for special events and program and support services, which are recorded as contributions in the accompanying statements of activities. In-kind donations for these services are approximately \$50,000 and \$66,000 for the years ended December 31, 2017 and 2016, respectively.

Functional Allocation of Expenses

The cost of providing programs and supporting services has been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services. During 2017, the Organization realigned its program services into one program, Journey of Hope, which focuses on supporting cancer patients, caring for caregivers, and empowering survivors by guiding and teaching clients to cope, thrive, and connect through the journey with cancer.

Endowment Funds

Classification of donor-restricted and board-designated endowment funds is subject to the Uniform Prudent Management of Institutional Fund Act (“UPMIFA”).

The Organization has various endowments which provide funding for grants and other operations of the Organization. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization’s management has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. Accordingly, the Organization 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 UPMIFA.

CANCER CARE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS (*continued*)

B. Summary of Significant Accounting Policies – continued

Endowment Funds – continued

In accordance with UPMIFA, the Organization 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 Organization and the 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 Organization; and
- The investment policies of the Organization.

The Organization 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 Organization 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 Organization 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 Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Board-designated disbursements to the Organization, 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 Organization 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, 2017 or 2016.

CANCER CARE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS (continued)

B. Summary of Significant Accounting Policies – continued

Property and Equipment

Property and equipment are carried at cost. Depreciation is provided on the straight-line method over the assets' estimated service lives. Expenditures for maintenance and repairs are charged to expense in the period in which they are incurred, and betterments are capitalized. The cost of assets sold or abandoned and the related accumulated depreciation are eliminated from the accounts and any gains or losses are reflected in the accompanying statement of activities of the respective period. The estimated useful lives of buildings is 39.5 years, building improvements is 15 years, and office equipment and furniture is 5 years.

Federal Income Taxes

The Organization is generally exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code ("IRC"), as an organization other than a private foundation.

GAAP requires management 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 Internal Revenue Service. Management has analyzed the tax positions taken by the Organization and has concluded that, as of December 31, 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

C. Contributions Receivable

Contributions receivable are due as follows at December 31,:

	<u>2017</u>	<u>2016</u>
Less than 1 year	\$ 136,565	\$ 81,991
1-5 years	<u>247,050</u>	<u>183,604</u>
Total pledges receivable	383,615	265,595
Allowance for uncollectible pledges	(8,576)	(19,500)
Unamortized discount to adjust pledges to net present value	<u>(15,554)</u>	<u>-</u>
Contributions receivable, net	<u>\$ 359,485</u>	<u>\$ 246,095</u>

CANCER CARE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS (continued)

C. Contributions Receivable – continued

The discount rate used by the Organization to calculate the present value of the pledges receivable at December 31, 2017, ranged from 1.93% to 2.20%.

D. Investments

The market value of the Organization's investments consisted of the following at December 31,:

	<u>2017</u>	<u>2016</u>
Money market funds	\$ 107,402	\$ 78,441
Equity and mutual fund securities	1,758,257	1,473,730
Fixed income securities	<u>699,162</u>	<u>670,323</u>
Total investments	<u>\$ 2,564,821</u>	<u>\$ 2,222,494</u>

The fair value of the Organization's investments were based on Level 1 inputs, as defined by GAAP, which represent quoted prices of the individual investments in an active market.

The Organization's investment income was comprised of the following for the years ended December 31,:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 42,563	\$ 52,604
Net realized gains on sales of investments	66,649	55,692
Net unrealized gain on investments	<u>250,556</u>	<u>23,161</u>
Total investment income	<u>\$ 359,768</u>	<u>\$ 131,457</u>

CANCER CARE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS (continued)

E. Property and Equipment

Property and equipment consisted of the following at December 31,:

	<u>2017</u>	<u>2016</u>
Land	\$ 75,000	\$ 75,000
Buildings and improvements	1,246,057	1,246,057
Office equipment and furniture	<u>164,675</u>	<u>112,560</u>
	1,485,732	1,433,617
Less accumulated depreciation	<u>(634,181)</u>	<u>(542,030)</u>
Property and equipment, net	<u>\$ 851,551</u>	<u>\$ 891,587</u>

F. Restricted Net Assets and Endowment Funds

Temporarily restricted net assets are designated as follows at December 31,:

	<u>2017</u>	<u>2016</u>
Program restrictions	\$ 625,059	\$ 468,895
Time restrictions	<u>195,249</u>	<u>221,105</u>
Total temporarily restricted net assets	<u>\$ 820,308</u>	<u>\$ 690,000</u>

Temporarily restricted net assets are recorded within cash and cash equivalents and contributions receivable, net on the accompanying statements of financial position at December 31, 2017 and 2016. Net assets were released from restriction of \$458,932 and \$358,544 for the years ended December 31, 2017 and 2016, respectively, as a result of program expenditures and/or the passage of time which satisfied the temporary restrictions imposed by the donors.

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

The Organization's endowments consist of five 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, INC.

NOTES TO FINANCIAL STATEMENTS (continued)

F. Restricted Net Assets and Endowment Funds – continued

The composition of the Organization’s endowments by type as of December 31, 2017, is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Donor-restricted endowment funds	\$ -	\$ 552,886	\$ 577,025	\$ 1,129,911
Board-designated endowment funds	<u>1,295,527</u>	<u>-</u>	<u>-</u>	<u>1,295,527</u>
Total endowment funds	<u>\$ 1,295,527</u>	<u>\$ 552,886</u>	<u>\$ 577,025</u>	<u>\$ 2,425,438</u>

The composition of the Organization’s endowments by type as of December 31, 2016, is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Donor-restricted endowment funds	\$ -	\$ 443,905	\$ 577,025	\$ 1,020,930
Board-designated endowment funds	<u>1,116,770</u>	<u>-</u>	<u>-</u>	<u>1,116,770</u>
Total endowment funds	<u>\$ 1,116,770</u>	<u>\$ 443,905</u>	<u>\$ 577,025</u>	<u>\$ 2,137,700</u>

Changes in endowments by type for the year ended December 31, 2017 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Balance, beginning of year	\$ 1,116,770	\$ 443,905	\$ 577,025	\$ 2,137,700
Investment income, net	14,808	9,542	-	24,350
Net realized and unrealized gain on investments	163,031	139,607	-	302,638
Amounts appropriated for expenditure	-	(40,168)	-	(40,168)
Other	<u>918</u>	<u>-</u>	<u>-</u>	<u>918</u>
Balance, end of year	<u>\$ 1,295,527</u>	<u>\$ 552,886</u>	<u>\$ 577,025</u>	<u>\$ 2,425,438</u>

CANCER CARE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS (continued)

F. Restricted Net Assets and Endowment Funds – continued

Changes in endowments by type for the year ended December 31, 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Balance, beginning of year	\$ 1,136,101	\$ 425,293	\$ 577,025	\$ 2,138,419
Investment income, net	16,580	8,566	-	25,146
Net realized and unrealized gain on investments	42,532	45,803	-	88,335
Amounts appropriated for expenditure	<u>(78,443)</u>	<u>(35,757)</u>	<u>-</u>	<u>(114,200)</u>
Balance, end of year	<u>\$ 1,116,770</u>	<u>\$ 443,905</u>	<u>\$ 577,025</u>	<u>\$ 2,137,700</u>

G. Employee Benefit Plan

The Organization has a 401(k) Plan (the “Plan”) covering substantially all employees, which is administered by Nextep, the Organization’s third party professional employer organization. The Organization made no matching contributions to the Plan during 2017 or 2016.

H. Concentrations

At December 31, 2017, the Organization had one donor which accounted for approximately 11% of contributions receivable, net. At December 31, 2016, there were no similar concentrations.

For the years ended December 31, 2017 and 2016, the Organization’s program contract revenue of \$544,484 and \$517,325, respectively, was comprised of amounts received from one organization and accounted for approximately 22% and 24%, respectively, of total revenue, gains, and other support.

I. Commitments and Contingencies

The Organization leases certain equipment under non-cancelable operating leases that expire in various years through 2020. Additionally, the Organization leases certain office space on a month-to-month basis. Total rental expense was \$16,577 and \$10,319 for the years ended December 31, 2017 and 2016, respectively.

CANCER CARE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS (continued)

I. Commitments and Contingencies – continued

Future minimum payments under non-cancelable operating leases with initial terms of one year or more consisted of the following at December 31, 2017:

2018	\$	6,564
2019		6,478
2020		<u>6,478</u>
Total minimum lease payments	\$	<u><u>19,520</u></u>

K. Subsequent Events

In preparing the financial statements, the Organization has evaluated all subsequent events and transactions for potential recognition or disclosure through June 28, 2018, the date the financial statements were available for issuance.