

CANCER CARE SERVICES

FINANCIAL STATEMENTS

**Year Ended September 30, 2020
and the Period from January 1, 2019 to September 30, 2019
with Report of Independent Auditors**

CANCER CARE SERVICES

FINANCIAL STATEMENTS

**Year Ended September 30, 2020
and the Period from January 1, 2019 to September 30, 2019**

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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 September 30, 2020 and 2019, and the related statements of activities, cash flows, and functional expenses for the year ended September 30, 2020 and the period from January 1, 2019 to September 30, 2019, 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 ("GAAP"); 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 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 September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the year ended September 30, 2020 and the period from January 1, 2019 to September 30, 2019, in conformity with GAAP.



Fort Worth, Texas
February 8, 2021

CANCER CARE SERVICES
STATEMENTS OF FINANCIAL POSITION

	September 30,	
	2020	2019
Assets		
Cash and cash equivalents	\$ 889,282	\$ 758,432
Contributions receivable, net	530,041	515,949
Other receivables	12,775	-
Prepaid expenses	15,208	12,257
Investments board-designated for endowment	1,516,418	1,422,643
Investments restricted for endowment	1,159,527	1,133,114
Investments with other donor restriction	23,151	-
Investments board-designated for infrastructure	203,179	191,367
Property and equipment, net	752,528	795,337
 Total assets	 \$ 5,102,109	 \$ 4,829,099
 Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 60,587	\$ 27,914
Total liabilities	60,587	27,914
 Commitments and contingencies		
 Net assets:		
Without donor restrictions		
Designated for endowment	1,516,418	1,422,643
Designated for infrastructure	203,179	191,367
Undesignated	1,692,645	1,480,573
Total without donor restrictions	3,412,242	3,094,583
With donor restrictions	1,629,280	1,706,602
Total net assets	5,041,522	4,801,185
 Total liabilities and net assets	 \$ 5,102,109	 \$ 4,829,099

See accompanying notes to financial statements.

CANCER CARE SERVICES
STATEMENTS OF ACTIVITIES

	Year Ended September 30, 2020			Period From January 1, 2019 to September 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support:						
Contributions and grants	\$ 1,340,379	\$ 147,632	\$ 1,488,011	\$ 691,038	\$ 615,041	\$ 1,306,079
Conditional contribution	-	273,823	273,823	-	-	-
Program contracts	723,102	-	723,102	503,242	-	503,242
United Way allocation	150,496	-	150,496	76,178	-	76,178
Rental income	2,400	-	2,400	3,600	-	3,600
Investment income, net	113,371	87,181	200,552	198,801	138,112	336,913
Net assets released from restrictions	585,958	(585,958)	-	295,172	(295,172)	-
Total revenue, gains, and other support	<u>2,915,706</u>	<u>(77,322)</u>	<u>2,838,384</u>	<u>1,768,031</u>	<u>457,981</u>	<u>2,226,012</u>
Expenses:						
Program services						
Journey of Hope	1,834,014	-	1,834,014	1,151,333	-	1,151,333
Supporting services						
Management and general	229,238	-	229,238	159,522	-	159,522
Development	534,795	-	534,795	330,148	-	330,148
Total supporting services	<u>764,033</u>	<u>-</u>	<u>764,033</u>	<u>489,670</u>	<u>-</u>	<u>489,670</u>
Total expenses	<u>2,598,047</u>	<u>-</u>	<u>2,598,047</u>	<u>1,641,003</u>	<u>-</u>	<u>1,641,003</u>
Changes in net assets	317,659	(77,322)	240,337	127,028	457,981	585,009
Net assets at beginning of period	<u>3,094,583</u>	<u>1,706,602</u>	<u>4,801,185</u>	<u>2,967,555</u>	<u>1,248,621</u>	<u>4,216,176</u>
Net assets at end of period	<u>\$ 3,412,242</u>	<u>\$ 1,629,280</u>	<u>\$ 5,041,522</u>	<u>\$ 3,094,583</u>	<u>\$ 1,706,602</u>	<u>\$ 4,801,185</u>

See accompanying notes to financial statements.

CANCER CARE SERVICES
STATEMENTS OF CASH FLOWS

	Year Ended September 30, 2020	Period From January 1, 2019 to September 30, 2019
	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Changes in net assets	\$ 240,337	\$ 585,009
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	42,809	31,116
Bad debt expense	53,375	-
Discount on contributions receivable	(10,240)	2,956
Investment income restricted for reinvestment	(87,181)	(138,112)
Realized and unrealized gains on investments	(132,331)	(298,638)
Changes in net assets and liabilities:		
Contributions receivable	(57,227)	35,961
Other receivables	(12,775)	-
Prepaid expenses	(2,951)	(1,537)
Accounts payable and accrued expenses	32,673	(23,939)
Net cash provided by operating activities	<u>66,489</u>	<u>192,816</u>
Cash flows from investing activities:		
Proceeds from sale of investments	145,659	451,212
Purchases of investments	(168,479)	(450,437)
Net cash provided by (used in) investing activities	<u>(22,820)</u>	<u>775</u>
Cash flows from financing activities:		
Investment income restricted for reinvestment	87,181	138,112
Net cash provided by financing activities	<u>87,181</u>	<u>138,112</u>
Net increase in cash and cash equivalents	130,850	331,703
Cash and cash equivalents at beginning of period	<u>758,432</u>	<u>426,729</u>
Cash and cash equivalents at end of period	<u>\$ 889,282</u>	<u>\$ 758,432</u>

See accompanying notes to financial statements.

CANCER CARE SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2020

	Program Services	Supporting Services			Total Program and Supporting Services
	Journey of Hope	Management and General	Development	Total Supporting Services	
Salaries	\$ 1,107,477	\$ 116,851	\$ 316,660	\$ 433,511	\$ 1,540,988
Employee benefits	113,465	12,712	28,237	40,949	154,414
Payroll taxes and other	93,464	9,670	26,194	35,864	129,328
Total salaries and related expenses	<u>1,314,406</u>	<u>139,233</u>	<u>371,091</u>	<u>510,324</u>	<u>1,824,730</u>
Bank fees	47	4,882	586	5,468	5,515
Conferences and meetings	2,420	616	28,210	28,826	31,246
Dues and subscriptions	1,856	280	2,128	2,408	4,264
Equipment costs	4,882	3,396	954	4,350	9,232
Fundraising	876	3	27,275	27,278	28,154
Insurance	14,771	2,694	2,856	5,550	20,321
Journey of Hope - Connect	28,927	-	-	-	28,927
Journey of Hope - Cope	259,706	-	150	150	259,856
Journey of Hope - Thrive	21,795	-	-	-	21,795
Occupancy	10,650	6,411	2,314	8,725	19,375
Office supplies	923	1,313	224	1,537	2,460
Postage	1,407	502	1,125	1,627	3,034
Printing and promotion	2,513	831	2,342	3,173	5,686
Professional fees	80,707	53,474	27,828	81,302	162,009
Repairs and maintenance	26,154	9,224	1,671	10,895	37,049
Telephone	7,193	1,332	1,537	2,869	10,062
Transportation	407	86	303	389	796
Utilities	12,946	1,822	2,834	4,656	17,602
	<u>1,792,586</u>	<u>226,099</u>	<u>473,428</u>	<u>699,527</u>	<u>2,492,113</u>
Bad debt expense	-	-	53,375	53,375	53,375
In-kind expense	9,750	-	-	-	9,750
Depreciation	31,678	3,139	7,992	11,131	42,809
Total expenses	<u>\$ 1,834,014</u>	<u>\$ 229,238</u>	<u>\$ 534,795</u>	<u>\$ 764,033</u>	<u>\$ 2,598,047</u>

See accompanying notes to financial statements.

CANCER CARE SERVICES

STATEMENT OF FUNCTIONAL EXPENSES

Period From January 1, 2019 to September 30, 2019

	Program Services	Supporting Services			Total Program and Supporting Services
	Journey of Hope	Management and General	Development	Total Supporting Services	
Salaries	\$ 667,351	\$ 75,631	\$ 202,646	\$ 278,277	\$ 945,628
Employee benefits	55,515	7,392	19,838	27,230	82,745
Payroll taxes and other	57,337	6,547	17,006	23,553	80,890
Total salaries and related expenses	<u>780,203</u>	<u>89,570</u>	<u>239,490</u>	<u>329,060</u>	<u>1,109,263</u>
Conferences and meetings	716	917	29,635	30,552	31,268
Dues and subscriptions	1,201	250	591	841	2,042
Equipment costs	13,530	5,261	1,367	6,628	20,158
Fundraising	-	-	11,689	11,689	11,689
Insurance	9,624	985	2,309	3,294	12,918
Journey of Hope - Connect	39,023	912	-	912	39,935
Journey of Hope - Cope	160,952	998	-	998	161,950
Journey of Hope - Thrive	8,613	-	-	-	8,613
Miscellaneous	-	2,564	25	2,589	2,589
Occupancy	2,582	171	565	736	3,318
Office supplies	696	3,744	160	3,904	4,600
Postage	959	424	802	1,226	2,185
Printing and promotion	2,155	721	1,601	2,322	4,477
Professional fees	53,468	40,464	27,553	68,017	121,485
Repairs and maintenance	33,794	9,481	4,091	13,572	47,366
Telephone	5,277	(80)	1,221	1,141	6,418
Transportation	1,410	13	496	509	1,919
Utilities	11,689	638	2,194	2,832	14,521
	<u>1,125,892</u>	<u>157,033</u>	<u>323,789</u>	<u>480,822</u>	<u>1,606,714</u>
In-kind expense	3,173	-	-	-	3,173
Depreciation	22,268	2,489	6,359	8,848	31,116
Total expenses	<u>\$ 1,151,333</u>	<u>\$ 159,522</u>	<u>\$ 330,148</u>	<u>\$ 489,670</u>	<u>\$ 1,641,003</u>

See accompanying notes to financial statements.

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS

September 30, 2020 and 2019

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:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and Board of Directors. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.
- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities as net assets released from restrictions.

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

NOTES TO FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies – continued

Fiscal Reporting Period

Effective January 1, 2019, the Organization changed their fiscal year-end to be September 30. Prior to this election, the Organization's fiscal year-end was December 31.

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 money market funds, equity and mutual fund securities, and fixed income securities with readily determinable fair values are based on the quoted market price of the shares owned at September 30, 2020 and 2019.

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

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 general use unless specifically restricted by the donor. Donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. 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 met.

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies – continued

Revenue Recognition

The Organization's revenues are primarily derived from the providing of social work, dietitian, and volunteer coordinating services to patients of a third-party cancer treatment and research provider. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer or client. Revenue is recognized when performance obligations under the terms of the respective contract with customers are satisfied. The Organization's contracts have a single performance obligation. The contract prices are generally deemed to be the transaction price and are recognized as revenue when, or as, the performance obligations are satisfied. The contract terms run for a 12-month period. The Organization receives periodic payments under the terms of the respective contract. Revenue is recognized as the Organization provides services.

Donated Assets and Services

Donated assets are recorded at their estimated fair value (as determined by management) at the date of donation. In-kind donations for these assets are approximately \$10,000 and \$3,000 for the year ended September 30, 2020 and period from January 1, 2019 to September 30, 2019, respectively.

Donated services are recognized as contributions if the services: (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization pays for most services requiring specialized services. However, a number of individuals volunteer their time and perform a variety of tasks that assist the Organization with specific program functions and various other activities that are not recognized as contributions in the financial statements, because the recognition criteria under GAAP were not met.

Functional Allocation of Expenses

The cost of providing programs and supporting services has been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services. Such allocations, specifically for salaries and benefits, are determined by management based on estimates of time and effort. Generally, the Organization records its expenses based on direct allocation by assigning each expense to a functional category based on direct usage. In a prior year, 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.

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies – continued

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 net assets with donor restrictions: (a) the original value of gifts donated to the endowment; (b) the original value of subsequent gifts to the endowment; and (c) accumulations to the endowment made in accordance with explicit donor stipulations. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by the UPMIFA.

In accordance with the 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.

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies – continued

Endowment Funds – continued

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 as of September 30, 2020 and 2019.

Property and Equipment

Property and equipment are carried at cost. These assets are generally capitalized if more than \$1,000. 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 statements 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, 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 September 30, 2020, 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.

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS (continued)

C. Availability and Liquidity

The following reflects the Organization's financial assets as of September 30, 2020 and 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date and amounts set aside for long-term investing in the board-designated endowment that could be drawn upon if the governing board approves that action. However, amounts already appropriated from either the donor-restricted endowment or board-designated endowment for general expenditure within one year of the statement of financial position date have not been subtracted as unavailable.

	September 30, 2020	September 30, 2019
Financial assets at year-end:		
Cash and cash equivalents	\$ 889,282	\$ 758,432
Contributions receivable, net	530,041	515,949
Other receivables	12,775	-
Investments	2,902,275	2,747,124
Total financial assets	4,334,373	4,021,505
Less those unavailable for general expenditure within one year, due to:		
Net receivables to be collected more than one year from statements of financial position date	(368,078)	(390,114)
Restricted by donor with time or purpose restrictions	(469,753)	(573,488)
Subject to appropriation and satisfaction of donor restrictions	(587,502)	(556,089)
Restricted by donor to be held in perpetuity Board-designated endowment fund, primarily for long-term investing	(1,516,418)	(1,422,643)
Board-designated investments for infrastructure	(203,179)	(191,367)
Financial assets available to meet general expenditures over the next twelve months	\$ 617,418	\$ 310,779

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS *(continued)*

C. Availability and Liquidity – continued

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At September 30, 2020 and 2019, the Organization has approximately \$617,000 and \$311,000, respectively, of financial assets available within one year of the statement of financial position dates to meet cash needs for general expenditure consisting of cash and cash equivalents, contributions receivable, and investments. Other than the net assets with donor restrictions of approximately \$1,629,000 and \$1,707,000, none of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position dates. Although the Organization does not intend to spend from the board-designated investments (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could also be made available, if necessary.

D. Contributions Receivable

Contributions receivable are due as follows at September 30,:

	<u>2020</u>	<u>2019</u>
Less than 1 year	\$ 235,176	\$ 157,313
1-5 years	<u>368,078</u>	<u>390,114</u>
Total contributions receivable	603,254	547,427
Allowance for uncollectible receivables	(57,825)	(5,850)
Unamortized discount to adjust contributions to net present value	<u>(15,388)</u>	<u>(25,628)</u>
Contributions receivable, net	<u>\$ 530,041</u>	<u>\$ 515,949</u>

At September 30, 2020 and 2019, the discount rate used by the Organization to calculate the present value of the contributions receivable ranged from 0.28% to 2.51%, and 1.55% to 2.51%, respectively.

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS (continued)

E. Investments

The fair values of the Organization's investments consisted of the following at September 30,:

	Level 1	
	2020	2019
Money market funds	\$ 148,948	\$ 123,875
Equity and mutual fund securities	1,954,423	1,794,000
Fixed income securities	798,904	829,249
Total investments	<u>\$ 2,902,275</u>	<u>\$ 2,747,124</u>

The fair values 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 had no investments with fair values based on Level 2 or 3 inputs, as defined by GAAP.

The Organization's investment income (loss), net was comprised of the following:

	Year Ended September 30, 2020	Period from January 1, 2019 to September 30, 2019
Interest and dividends	\$ 84,367	\$ 49,021
Net realized gain (loss) on sales of investments	12,294	(908)
Net unrealized gain on investments	120,037	299,546
Investment expenses	(16,146)	(10,746)
Total investment income, net	<u>\$ 200,552</u>	<u>\$ 336,913</u>

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS (continued)

F. Property and Equipment

Property and equipment consisted of the following at September 30,:

	2020	2019
Land	\$ 75,000	\$ 75,000
Buildings and building improvements	1,246,057	1,246,057
Office equipment and furniture	104,070	104,070
	1,425,127	1,425,127
Less accumulated depreciation	(672,599)	(629,790)
Property and equipment, net	<u>\$ 752,528</u>	<u>\$ 795,337</u>

G. Net Assets with Donor Restrictions and Endowment Funds

Net assets with donor restrictions are restricted as follows at September 30:

	2020	2019
Subject to expenditure for specific purpose	\$ 469,753	\$ 573,488
Subject to spending policy and appropriation:		
Infrastructure building and maintenance	454,697	428,156
Education and enrichment	28,768	25,000
Parker County	-	17,150
General activities of the Organization	104,037	85,783
Endowment funds held in perpetuity	572,025	577,025
Total net assets with donor restrictions	<u>\$ 1,629,280</u>	<u>\$ 1,706,602</u>

Net assets with donor restrictions subject to purpose and time restrictions are recorded within cash and cash equivalents and contributions receivable, net on the accompanying statements of financial position at September 30, 2020 and 2019. Net assets released from restriction were approximately \$586,000 and \$295,000 for the year ended September 30, 2020 and the period from January 1, 2019 to September 30, 2019, respectively, as a result of program expenditures and/or the passage of time which satisfied the temporary restrictions imposed by the donors.

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS (continued)

G. Net Assets with Donor Restrictions and Endowment Funds – continued

The endowment funds held in perpetuity are gifts which have been stipulated as such by the donor. The accumulated investment income and net realized and unrealized gains on certain of these net assets must be used for specific purposes stipulated by the donor and are reported above as the net assets subject to spending policy and appropriation. The endowment funds held in perpetuity and the net assets subject to spending policy and appropriation are reported in the restricted endowment investments in the accompanying statements of financial position.

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.

The composition of the Organization’s endowments by type as of September 30, 2020, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Donor-restricted endowment funds	\$ -	\$ 1,159,527	\$ 1,159,527
Board-designated endowment funds	1,516,418	-	1,516,418
Total endowment funds	<u>\$ 1,516,418</u>	<u>\$ 1,159,527</u>	<u>\$ 2,675,945</u>

The composition of the Organization’s endowments by type as of September 30, 2019, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Donor-restricted endowment funds	\$ -	\$ 1,133,114	\$ 1,133,114
Board-designated endowment funds	1,422,643	-	1,422,643
Total endowment funds	<u>\$ 1,422,643</u>	<u>\$ 1,133,114</u>	<u>\$ 2,555,757</u>

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS (continued)

G. Net Assets with Donor Restrictions and Endowment Funds – continued

Changes in endowments by type for the year ended September 30, 2020, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Balance, beginning of year	\$ 1,422,643	\$ 1,133,114	\$ 2,555,757
Investment income, net	93,775	87,181	180,956
Contributions	-	1,550	1,550
Reclassification	-	(23,151)	(23,151)
Amounts appropriated for expenditure	-	(39,167)	(39,167)
Balance, end of year	<u>\$ 1,516,418</u>	<u>\$ 1,159,527</u>	<u>\$ 2,675,945</u>

Changes in endowments by type for the period from January 1, 2019 to September 30, 2019, are as follows :

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Balance, beginning of year	\$ 1,250,895	\$ 1,029,212	\$ 2,280,107
Investment income, net	171,748	138,112	309,860
Amounts appropriated for expenditure	-	(34,210)	(34,210)
Balance, end of year	<u>\$ 1,422,643</u>	<u>\$ 1,133,114</u>	<u>\$ 2,555,757</u>

H. 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 the year ended September 30, 2020 and the period from January 1, 2019 to September 30, 2019.

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS (continued)

I. Concentrations

At September 30, 2020, the Organization had one donor which accounted for approximately 11% of contributions receivable, net. At September 30, 2019, the Organization had two donors which accounted for approximately 30% of contributions receivable, net.

For the year ended September 30, 2020, the Organization's program contract revenue was comprised of amounts received from one organization which accounted for approximately 25% of total revenue, gains, and other support.

For the period from January 1, 2019 to September 30, 2019, the Organization had one donor which comprised 19% of total revenue, gains (losses), and other support. Additionally, for the period from January 1, 2019 to September 30, 2019, Organization's program contract revenue was comprised of amounts received from one organization which accounted for approximately 23% of total revenue, gains (losses), and other support.

J. Commitments and Contingencies

Leases

The Organization leases certain equipment under non-cancelable operating leases that expire in various years through 2023. Additionally, the Organization leases certain office space on a month-to-month basis. Total rental expense was approximately \$7,500 and \$6,600 for the year ended September 30, 2020 and the period from January 1, 2019 to September 30, 2019, respectively.

Future minimum payments under non-cancelable operating leases with initial terms of one year or more at September 30, 2020, were approximately as follows:

2021	\$	7,000
2022		6,500
2023		<u>3,200</u>
Total minimum lease payments	\$	<u>16,700</u>

Risks and Uncertainties

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States of America. Efforts implemented by local and national governments, as well as businesses, including temporary closures, are expected to have adverse impacts on local, national, and global economies. Although the disruption is currently expected to be temporary, there is uncertainty around the duration and the related economic impact. Therefore, while management expects this matter to have an impact on the Organization's activities, the impact to the results of operations and financial position cannot be reasonably estimated at this time.

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS *(continued)*

J. Commitments and Contingencies – continued

Paycheck Protection Program

During 2020, the Organization entered into a loan agreement issued by the Small Business Administration (“SBA”) under the Paycheck Protection Program that consists of a forgivable loan that matures on April 15, 2022, and incurs interest at 1.0%. The total loan amount was \$273,823. The Organization would not be liable for repayment of the loan provided that all SBA loan proceeds are used only for qualified expenditures as specified in the loan application.

During 2020, management applied for loan forgiveness under the SBA loan agreement and the loan was forgiven in November 2020. Accordingly, management recognized the forgiveness as a conditional contribution during the year ended September 30, 2020, on the accompanying statement of activities.

K. Subsequent Events

In preparing the financial statements, the Organization has evaluated all subsequent events and transactions for potential recognition or disclosure through February 8, 2021, the date the financial statements were available for issuance.