

CANCER CARE SERVICES

FINANCIAL STATEMENTS

**Period from January 1, 2019 to September 30, 2019
and the Year Ended December 31, 2018
with Report of Independent Auditors**

CANCER CARE SERVICES

FINANCIAL STATEMENTS

**Period from January 1, 2019 to September 30, 2019
and the Year Ended December 31, 2018**

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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, 2019 and December 31, 2018, and the related statements of activities, cash flows, and functional expenses for the period from January 1, 2019 to September 30, 2019 and the year ended December 31, 2018, 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, 2019 and December 31, 2018, and the changes in its net assets and its cash flows for the period from January 1, 2019 to September 30, 2019 and the year ended December 31, 2018, in conformity with GAAP.



Fort Worth, Texas
January 23, 2020

CANCER CARE SERVICES
STATEMENTS OF FINANCIAL POSITION

	September 30, 2019	December 31, 2018
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 758,432	\$ 426,729
Contributions receivable, net	515,949	554,866
Prepaid expenses	12,257	10,720
Board-designated endowment investments	1,422,643	1,250,895
Restricted endowment investments	1,133,114	1,029,212
Other investments designated for infrastructure	191,367	169,154
Property and equipment, net	<u>795,337</u>	<u>826,453</u>
 Total assets	 <u>\$ 4,829,099</u>	 <u>\$ 4,268,029</u>
 Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 27,914	\$ 51,853
Total liabilities	<u>27,914</u>	<u>51,853</u>
 Commitments and contingencies		
 Net assets:		
Without donor restrictions		
Designated for endowment	1,422,643	1,250,895
Designated for infrastructure	191,367	169,154
Undesignated	<u>1,480,573</u>	<u>1,547,506</u>
Total without donor restrictions	3,094,583	2,967,555
With donor restrictions	<u>1,706,602</u>	<u>1,248,621</u>
Total net assets	<u>4,801,185</u>	<u>4,216,176</u>
 Total liabilities and net assets	 <u>\$ 4,829,099</u>	 <u>\$ 4,268,029</u>

See accompanying notes to financial statements.

CANCER CARE SERVICES
STATEMENTS OF ACTIVITIES

	Period From January 1, 2019 to September 30, 2019			Year Ended December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains (losses), and other support:						
Contributions and grants	\$ 691,038	\$ 615,041	\$ 1,306,079	\$ 1,383,570	\$ 157,978	\$ 1,541,548
Program contracts	503,242	-	503,242	569,100	-	569,100
United Way allocation	76,178	-	76,178	83,884	-	83,884
Rental income	3,600	-	3,600	4,750	-	4,750
Investment income (loss), net	198,801	138,112	336,913	(50,357)	(62,262)	(112,619)
Net assets released from restrictions	295,172	(295,172)	-	244,428	(244,428)	-
Total revenue, gains (losses), and other support	<u>1,768,031</u>	<u>457,981</u>	<u>2,226,012</u>	<u>2,235,375</u>	<u>(148,712)</u>	<u>2,086,663</u>
Expenses:						
Program services						
Journey of Hope	1,151,333	-	1,151,333	1,541,406	-	1,541,406
Supporting services						
Management and general	159,522	-	159,522	188,887	-	188,887
Development	330,148	-	330,148	423,942	-	423,942
Total supporting services	<u>489,670</u>	<u>-</u>	<u>489,670</u>	<u>612,829</u>	<u>-</u>	<u>612,829</u>
Total expenses	<u>1,641,003</u>	<u>-</u>	<u>1,641,003</u>	<u>2,154,235</u>	<u>-</u>	<u>2,154,235</u>
Changes in net assets	127,028	457,981	585,009	81,140	(148,712)	(67,572)
Net assets at beginning of period	<u>2,967,555</u>	<u>1,248,621</u>	<u>4,216,176</u>	<u>2,886,415</u>	<u>1,397,333</u>	<u>4,283,748</u>
Net assets at end 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>

See accompanying notes to financial statements.

CANCER CARE SERVICES
STATEMENTS OF CASH FLOWS

	Period From January 1, 2019 to September 30, 2019	Year Ended December 31, 2018
Cash flows from operating activities:		
Changes in net assets	\$ 585,009	\$ (67,572)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	31,116	45,075
Bad debt expense	-	9,223
Discount on contributions receivable	2,956	7,117
Investment (income) loss restricted for reinvestment	(138,112)	62,262
Realized and unrealized (gains) losses on investments	(298,638)	150,861
Changes in net assets and liabilities:		
Contributions receivable	35,961	(211,721)
Prepaid expenses	(1,537)	31,627
Accounts payable and accrued expenses	(23,939)	(24,433)
Deferred revenue	-	(1,125)
Net cash provided by operating activities	192,816	1,314
Cash flows from investing activities:		
Proceeds from sale of investments	451,212	602,783
Purchases of investments	(450,437)	(638,084)
Purchases of property and equipment	-	(19,977)
Net cash provided by (used in) investing activities	775	(55,278)
Cash flows from financing activities:		
Investment (income) loss restricted for reinvestment	138,112	(62,262)
Net cash provided by (used in) financing activities	138,112	(62,262)
Net increase (decrease) in cash and cash equivalents	331,703	(116,226)
Cash and cash equivalents at beginning of period	426,729	542,955
Cash and cash equivalents at end of period	\$ 758,432	\$ 426,729

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 Services	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
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018

	<u>Program Services</u>	<u>Supporting Services</u>			<u>Total Program and Supporting Services</u>
	<u>Journey of Hope Services</u>	<u>Management and General</u>	<u>Development</u>	<u>Total Supporting Services</u>	
Salaries	\$ 842,527	\$ 104,213	\$ 239,817	\$ 344,030	\$ 1,186,557
Employee benefits	81,146	10,417	22,334	32,751	113,897
Payroll taxes and other	71,951	5,662	20,423	26,085	98,036
Total salaries and related expenses	<u>995,624</u>	<u>120,292</u>	<u>282,574</u>	<u>402,866</u>	<u>1,398,490</u>
Bank fees	-	4,115	-	4,115	4,115
Conferences and meetings	644	2,634	28,737	31,371	32,015
Dues and subscriptions	477	1,370	3,139	4,509	4,986
Equipment costs	7,969	5,607	1,444	7,051	15,020
Fundraising	-	84	24,559	24,643	24,643
Insurance	13,942	1,427	3,536	4,963	18,905
Journey of Hope - Connect	35,970	21	328	349	36,319
Journey of Hope - Cope	289,141	-	-	-	289,141
Journey of Hope - Thrive	14,642	450	-	450	15,092
Miscellaneous	272	5,585	86	5,671	5,943
Occupancy	2,544	3,568	522	4,090	6,634
Office supplies	2,362	2,578	100	2,678	5,040
Postage	1,234	631	1,106	1,737	2,971
Printing and promotion	4,451	1,418	3,825	5,243	9,694
Professional fees	61,753	27,810	40,741	68,551	130,304
Repairs and maintenance	33,007	6,229	7,444	13,673	46,680
Telephone	6,385	294	1,438	1,732	8,117
Transportation	1,041	72	1,295	1,367	2,408
Utilities	16,253	600	3,867	4,467	20,720
	<u>1,487,711</u>	<u>184,785</u>	<u>404,741</u>	<u>589,526</u>	<u>2,077,237</u>
Bad debt expense	-	-	9,223	9,223	9,223
In-kind expense	22,700	-	-	-	22,700
Depreciation	30,995	4,102	9,978	14,080	45,075
Total expenses	<u>\$ 1,541,406</u>	<u>\$ 188,887</u>	<u>\$ 423,942</u>	<u>\$ 612,829</u>	<u>\$ 2,154,235</u>

See accompanying notes to financial statements.

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and December 31, 2018

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, 2019 and December 31, 2018.

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 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 a contract with customers are satisfied. The Organization's contract has a single performance obligation. The contract price is generally deemed to be the transaction price and is recognized as revenue when, or as, the performance obligation is satisfied. The contract terms run for a 12-month period beginning annually on January 1 and ending on December 31. The Organization receives quarterly payments under the terms of the 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 \$3,000 and \$23,000 for the period from January 1, 2019 to September 30, 2019 and for the year ended December 31, 2018, 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, 2019 or December 31, 2018.

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, 2019, 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*)

B. Summary of Significant Accounting Policies – continued

New Accounting Pronouncements

During 2019, the Organization adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which supersedes nearly all existing revenue recognition guidance under GAAP. The core principle of Account Standards Codification 606 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. The new revenue guidance defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing GAAP. The guidance requires improved disclosures to help users of the financial statements better understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted this guidance on January 1, 2019, and the guidance was applied to contracts at the application date. There is no adjustment necessary to prior year reported total changes in net assets or net assets as a result of the adoption.

During 2019, the Organization adopted FASB ASU No. 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This ASU aims to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Specifically, this ASU assists entities in: (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of *Not-for-Profit Entities* (Topic 958), or as exchange (reciprocal) transactions subject to other guidance, and (2) determining whether a contribution is conditional. The Organization adopted this guidance on January 1, 2019. There is no adjustment necessary to prior year reported total changes in net assets or net assets as a result of the adoption.

C. Availability and Liquidity

The following reflects the Organization’s financial assets as of September 30, 2019 and December 31, 2018, 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.

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS (continued)

C. Availability and Liquidity – continued

	September 30, 2019	December 31, 2018
Financial assets at year-end:		
Cash and cash equivalents	\$ 758,432	\$ 426,729
Contributions receivable, net	515,949	554,866
Investments	2,747,124	2,449,261
Total financial assets	4,021,505	3,430,856
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	(390,114)	(293,233)
Restricted by donor with time or purpose restrictions	(573,488)	(219,410)
Subject to appropriation and satisfaction of donor restrictions	(556,089)	(452,187)
Restricted by donor to be held in perpetuity	(577,025)	(577,025)
Board-designated endowment fund, primarily for long-term investing	(1,422,643)	(1,250,895)
Board-designated investments for infrastructure	(191,367)	(169,154)
Financial assets available to meet general expenditures over the next twelve months	\$ 310,779	\$ 468,952

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, 2019 and December 31, 2018, the Organization has approximately \$311,000 and \$469,000, 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 \$1,707,000 and \$1,249,000, 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.

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS (continued)

D. Contributions Receivable

Contributions receivable are due as follows at:

	September 30, 2019	December 31, 2018
Less than 1 year	\$ 157,313	\$ 296,455
1-5 years	390,114	291,233
More than 5 years	-	2,000
Total contributions receivable	547,427	589,688
Allowance for uncollectible receivables	(5,850)	(12,150)
Unamortized discount to adjust contributions to net present value	(25,628)	(22,672)
Contributions receivable, net	\$ 515,949	\$ 554,866

At September 30, 2019 and December 31, 2018, the discount rate used by the Organization to calculate the present value of the contributions receivable ranged from 1.55% to 2.51%, and 1.93% to 2.51%, respectively.

E. Investments

The fair value of the Organization's investments consisted of the following at:

	Level 1	
	September 30, 2019	December 31, 2018
Money market funds	\$ 123,875	\$ 84,954
Equity and mutual fund securities	1,794,000	1,524,539
Fixed income securities	829,249	839,768
Total investments	\$ 2,747,124	\$ 2,449,261

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

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS (continued)

E. Investments – continued

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

	Period from January 1, 2019 to September 30, 2019	Year ended December 31, 2018
Interest and dividends	\$ 49,021	\$ 53,800
Net realized gain (loss) on sales of investments	(908)	114,112
Net unrealized gain (loss) on investments	299,546	(264,898)
Investment expenses	(10,746)	(15,633)
Total investment income (loss), net	<u>\$ 336,913</u>	<u>\$ (112,619)</u>

F. Property and Equipment

Property and equipment consisted of the following at:

	September 30, 2019	December 31, 2018
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	<u>(629,790)</u>	<u>(598,674)</u>
Property and equipment, net	<u>\$ 795,337</u>	<u>\$ 826,453</u>

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS (continued)

G. Net Assets with Donor Restrictions and Endowment Funds

Net assets with donor restrictions are restricted as follows at:

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Subject to expenditure for specific purpose	\$ 573,488	\$ 52,361
Subject to the passage of time	-	167,048
Subject to spending policy and appropriation:		
Infrastructure building and maintenance	428,156	365,944
Education and enrichment	25,000	20,335
Parker County	17,150	14,564
General activities of the Organization	85,783	51,344
Endowment funds held in perpetuity	<u>577,025</u>	<u>577,025</u>
Total net assets with donor restrictions	<u>\$ 1,706,602</u>	<u>\$ 1,248,621</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, 2019 and December 31, 2018. Net assets released from restriction were approximately \$295,000 and \$244,000 for the period from January 1, 2019 to September 30, 2019 and for the year ended December 31, 2018, respectively, as a result of program expenditures and/or the passage of time which satisfied the temporary restrictions imposed by the donors.

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.

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS (continued)

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

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
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>

The composition of the Organization’s endowments by type as of December 31, 2018, is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Donor-restricted endowment funds	\$ -	\$ 1,029,212	\$ 1,029,212
Board-designated endowment funds	1,250,895	-	1,250,895
Total endowment funds	<u>\$ 1,250,895</u>	<u>\$ 1,029,212</u>	<u>\$ 2,280,107</u>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
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>

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 December 31, 2018, are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Balance, beginning of year	\$ 1,295,527	\$ 1,129,911	\$ 2,425,438
Investment loss, net	(44,632)	(62,262)	(106,894)
Amounts appropriated for expenditure	-	(38,437)	(38,437)
Balance, end of year	<u>\$ 1,250,895</u>	<u>\$ 1,029,212</u>	<u>\$ 2,280,107</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 period from January 1, 2019 to September 30, 2019 and for the year ended December 31, 2018.

I. Concentrations

At September 30, 2019, the Organization had two donors which accounted for approximately 30% of contributions receivable, net. At December 31, 2018, the Organization had one donor which accounted for approximately 27% of contributions receivable, net.

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.

For the year ended December 31, 2018, the Organization’s program contract revenue was comprised of amounts received from one organization which accounted for approximately 27% of total revenue, gains (losses), and other support.

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS *(continued)*

J. Commitments and Contingencies

The Organization leases certain equipment under non-cancelable operating leases that expire in various years through 2021. Additionally, the Organization leases certain office space on a month-to-month basis. Total rental expense was approximately \$6,600 and \$8,000 for the period from January 1, 2019 to September 30, 2019 and for the year ended December 31, 2018, respectively.

Future minimum payments under non-cancelable operating leases with initial terms of one year or more at September 30, 2019, were approximately as follows:

2020	\$ 7,100
2021	<u>2,100</u>
Total minimum lease payments	<u>\$ 9,200</u>

K. Subsequent Events

In preparing the financial statements, the Organization has evaluated all subsequent events and transactions for potential recognition or disclosure through January 23, 2020, the date the financial statements were available for issuance.