

CANCER CARE SERVICES

FINANCIAL STATEMENTS

**Years Ended September 30, 2022 and 2021
with Report of Independent Auditors**

CANCER CARE SERVICES

FINANCIAL STATEMENTS

Years Ended September 30, 2022 and 2021

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
Cancer Care Services

Opinion

We have audited the financial statements of Cancer Care Services (the “Organization”), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (“GAAS”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization’s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Fort Worth, Texas
January 31, 2023

CANCER CARE SERVICES
STATEMENTS OF FINANCIAL POSITION

	September 30,	
	2022	2021
Assets		
Cash and cash equivalents	\$ 805,028	\$ 1,134,987
Contributions receivable, net	579,393	428,330
Other receivables	141	14,573
Prepaid expenses	28,263	23,080
Investments board-designated for endowment	1,499,618	1,805,519
Investments restricted for endowment	1,084,222	1,347,513
Investments with other donor restriction	22,539	27,278
Investments board-designated for infrastructure	199,695	240,301
Property and equipment, net	739,793	728,859
	<hr/>	<hr/>
Total assets	<u>\$ 4,958,692</u>	<u>\$ 5,750,440</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 95,053	\$ 85,736
Deferred revenue	-	189,161
	<hr/>	<hr/>
Total liabilities	95,053	274,897
Commitments and contingencies		
Net assets:		
Without donor restrictions		
Designated for endowment	1,499,618	1,805,519
Designated for infrastructure	199,695	240,301
Undesignated	1,701,128	1,556,617
	<hr/>	<hr/>
Total without donor restrictions	3,400,441	3,602,437
With donor restrictions	1,463,198	1,873,106
	<hr/>	<hr/>
Total net assets	4,863,639	5,475,543
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Total liabilities and net assets	<u>\$ 4,958,692</u>	<u>\$ 5,750,440</u>

See accompanying notes to financial statements.

CANCER CARE SERVICES
STATEMENTS OF ACTIVITIES

	Year Ended September 30, 2022			Year Ended September 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support:						
Contributions:						
General donations and grants	\$ 2,049,803	\$ 103,395	\$ 2,153,198	\$ 924,102	\$ 451,124	\$ 1,375,226
In-kind contributions	13,752	-	13,752	22,067	-	22,067
Conditional contributions	-	-	-	-	362,270	362,270
Program contracts	790,687	-	790,687	784,564	-	784,564
United Way allocation	6,250	-	6,250	74,612	-	74,612
Rental income	4,400	-	4,400	4,600	-	4,600
Investment income (loss), net	(343,960)	(222,040)	(566,000)	328,781	234,626	563,407
Net assets released from restrictions	291,263	(291,263)	-	804,194	(804,194)	-
Total revenue, gains, and other support	2,812,195	(409,908)	2,402,287	2,942,920	243,826	3,186,746
Expenses:						
Program services						
Journey of Hope	2,138,293	-	2,138,293	1,924,104	-	1,924,104
Supporting services						
Management and general	332,725	-	332,725	323,083	-	323,083
Development	543,173	-	543,173	505,538	-	505,538
Total supporting services	875,898	-	875,898	828,621	-	828,621
Total expenses	3,014,191	-	3,014,191	2,752,725	-	2,752,725
Changes in net assets	(201,996)	(409,908)	(611,904)	190,195	243,826	434,021
Net assets at beginning of year	3,602,437	1,873,106	5,475,543	3,412,242	1,629,280	5,041,522
Net assets at end of year	<u>\$ 3,400,441</u>	<u>\$ 1,463,198</u>	<u>\$ 4,863,639</u>	<u>\$ 3,602,437</u>	<u>\$ 1,873,106</u>	<u>\$ 5,475,543</u>

See accompanying notes to financial statements.

CANCER CARE SERVICES
STATEMENTS OF CASH FLOWS

	Year Ended September 30, 2022	2021
Cash flows from operating activities:		
Changes in net assets	\$ (611,904)	\$ 434,021
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	38,182	36,131
Bad debt expense	45,837	-
Discount on contributions receivable	38,819	(2,769)
Investment income restricted for reinvestment	(24,423)	(15,866)
Realized and unrealized (gain) loss on investments	613,178	(532,920)
Changes in net assets and liabilities:		
Contributions receivable	(235,719)	104,480
Other receivables	14,432	(1,798)
Prepaid expenses	(5,183)	(7,872)
Accounts payable and accrued expenses	9,317	25,149
Deferred revenue	(189,161)	189,161
Net cash provided by (used in) operating activities	<u>(306,625)</u>	<u>227,717</u>
Cash flows from investing activities:		
Proceeds from sale of investments	568,896	339,135
Purchases of investments	(567,537)	(324,551)
Purchases of property and equipment	(49,116)	(12,462)
Net cash provided by (used in) investing activities	<u>(47,757)</u>	<u>2,122</u>
Cash flows from financing activities:		
Investment income restricted for reinvestment	24,423	15,866
Net cash provided by financing activities	<u>24,423</u>	<u>15,866</u>
Net increase (decrease) in cash and cash equivalents	(329,959)	245,705
Cash and cash equivalents at beginning of year	<u>1,134,987</u>	<u>889,282</u>
Cash and cash equivalents at end of year	<u><u>\$ 805,028</u></u>	<u><u>\$ 1,134,987</u></u>

See accompanying notes to financial statements.

CANCER CARE SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2022

	Program Services	Supporting Services			Total Program and Supporting Services
	Journey of Hope	Management and General	Development	Total Supporting Services	
Salaries	\$ 1,205,523	\$ 217,681	\$ 375,630	\$ 593,311	\$ 1,798,834
Employee benefits	146,458	22,550	29,414	51,964	198,422
Payroll taxes and other	112,986	20,081	33,669	53,750	166,736
Total salaries and related expenses	<u>1,464,967</u>	<u>260,312</u>	<u>438,713</u>	<u>699,025</u>	<u>2,163,992</u>
Bank fees	-	2,535	1,406	3,941	3,941
Conferences and meetings	3,528	318	7,392	7,710	11,238
Dues and subscriptions	2,295	232	2,783	3,015	5,310
Equipment costs	16,064	755	1,251	2,006	18,070
Fundraising	-	78	27,180	27,258	27,258
Insurance	15,349	1,970	3,591	5,561	20,910
Journey of Hope - Connect	43,348	-	-	-	43,348
Journey of Hope - Cope	318,212	-	-	-	318,212
Miscellaneous	797	249	29	278	1,075
Occupancy	28,524	3,903	6,423	10,326	38,850
Office supplies	4,741	556	587	1,143	5,884
Postage	1,718	236	679	915	2,633
Printing and promotion	4,999	353	6,156	6,509	11,508
Professional fees	98,851	52,195	32,528	84,723	183,574
Repairs and maintenance	42,273	4,674	6,209	10,883	53,156
Telephone	4,812	519	1,081	1,600	6,412
Transportation	228	83	738	821	1,049
Utilities	-	-	-	-	-
	<u>2,050,706</u>	<u>328,968</u>	<u>536,746</u>	<u>865,714</u>	<u>2,916,420</u>
Bad debt expense	45,837	-	-	-	45,837
In-kind expense	13,752	-	-	-	13,752
Depreciation	<u>27,998</u>	<u>3,757</u>	<u>6,427</u>	<u>10,184</u>	<u>38,182</u>
Total expenses	<u><u>\$ 2,138,293</u></u>	<u><u>\$ 332,725</u></u>	<u><u>\$ 543,173</u></u>	<u><u>\$ 875,898</u></u>	<u><u>\$ 3,014,191</u></u>

See accompanying notes to financial statements.

CANCER CARE SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2021

	Program Services	Supporting Services			
	Journey of Hope	Management and General	Development	Total Supporting Services	Total Program and Supporting Services
Salaries	\$ 1,105,494	\$ 198,297	\$ 367,061	\$ 565,358	\$ 1,670,852
Employee benefits	141,491	19,534	29,246	48,780	190,271
Payroll taxes and other	97,487	16,315	29,495	45,810	143,297
Total salaries and related expenses	<u>1,344,472</u>	<u>234,146</u>	<u>425,802</u>	<u>659,948</u>	<u>2,004,420</u>
Bank fees	-	2,892	3,138	6,030	6,030
Conferences and meetings	28,152	1,217	1,575	2,792	30,944
Dues and subscriptions	2,829	800	2,548	3,348	6,177
Equipment costs	7,138	9,018	1,260	10,278	17,416
Fundraising	545	1,000	23,492	24,492	25,037
Insurance	12,216	2,255	2,199	4,454	16,670
Journey of Hope - Connect	39,810	-	-	-	39,810
Journey of Hope - Cope	265,447	-	-	-	265,447
Journey of Hope - Thrive	5,587	-	-	-	5,587
Occupancy	15,144	5,738	3,113	8,851	23,995
Office supplies	1,282	826	187	1,013	2,295
Postage	969	229	1,219	1,448	2,417
Printing and promotion	4,544	479	658	1,137	5,681
Professional fees	91,708	50,079	24,721	74,800	166,508
Repairs and maintenance	38,838	5,932	5,508	11,440	50,278
Telephone	4,667	943	895	1,838	6,505
Transportation	56	11	251	262	318
Utilities	13,304	2,652	3,036	5,688	18,992
	<u>1,876,708</u>	<u>318,217</u>	<u>499,602</u>	<u>817,819</u>	<u>2,694,527</u>
In-kind expense	22,067	-	-	-	22,067
Depreciation	<u>25,329</u>	<u>4,866</u>	<u>5,936</u>	<u>10,802</u>	<u>36,131</u>
Total expenses	<u><u>\$ 1,924,104</u></u>	<u><u>\$ 323,083</u></u>	<u><u>\$ 505,538</u></u>	<u><u>\$ 828,621</u></u>	<u><u>\$ 2,752,725</u></u>

See accompanying notes to financial statements.

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

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

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 primarily in one financial institution, 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 fair 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, 2022 and 2021.

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. Amounts received in advance of the services being provided are considered a contract liability and are included in deferred revenue on the accompanying statements of financial position. Contract liabilities are approximately \$189,000 as of September 30, 2021. There were no contract liabilities at September 30, 2022.

Contributed Nonfinancial Assets

The following represents the Organization's contributed nonfinancial assets recognized within the statement of activities for the years ended September 30:

	<u>2022</u>	<u>2021</u>
Medical supplies and miscellaneous goods	\$ 6,371	\$ 22,067
Professional services	<u>7,381</u>	<u>-</u>
	<u>\$ 13,752</u>	<u>\$ 22,067</u>

The Organization recognizes nonfinancial assets as in-kind contributions, which are classified within revenue, gains, and other support during the years ended September 30, 2022 and 2021. All contributed nonfinancial assets are generally used in the period in which they are contributed. Unless otherwise noted, contributed nonfinancial assets do not have donor-imposed restrictions. Contributed medical supplies and miscellaneous goods are valued using wholesale prices of identical or similar products and are used primarily for program activities. Professional services are valued based on current rates of the services provided and are used primarily for management and general activities.

A substantial number of volunteers have contributed significant amounts of their time related to the Organization's events. The value of this contributed time is not reflected in the accompanying financial statements because it does not meet the above criteria.

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS (*continued*)

B. Summary of Significant Accounting Policies – continued

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.

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.

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies – continued

Endowment Funds – continued

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 as of September 30, 2022 and 2021.

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, 2022, 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

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). The update improves financial reporting by providing new presentation and disclosure requirements for contributed nonfinancial assets for not-for-profits, including additional disclosure requirements for recognized contributed services. The Organization adopted this guidance using the retrospective approach, effective October 1, 2021.

C. Availability and Liquidity

The following reflects the Organization's financial assets as of September 30, 2022 and 2021, 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, 2022	September 30, 2021
Financial assets at year-end:		
Cash and cash equivalents	\$ 805,028	\$ 1,134,987
Contributions receivable, net	579,393	428,330
Other receivables	141	14,573
Investments	2,806,074	3,420,611
Total financial assets	<u>4,190,636</u>	<u>4,998,501</u>
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	(462,728)	(314,426)
Restricted by donor with time or purpose restrictions	(378,976)	(525,593)
Subject to appropriation and satisfaction of donor restrictions	(512,197)	(775,488)
Restricted by donor to be held in perpetuity	(572,025)	(572,025)
Board-designated endowment fund, primarily for long-term investing	(1,499,618)	(1,805,519)
Board-designated investments for infrastructure	<u>(199,695)</u>	<u>(240,301)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 565,397</u>	<u>\$ 765,149</u>

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, 2022 and 2021, the Organization has approximately \$565,000 and \$765,000, 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 \$1,463,000 and \$1,873,000, 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>2022</u>	<u>2021</u>
Less than 1 year	\$ 233,964	\$ 175,730
1-5 years	<u>462,728</u>	<u>314,426</u>
Total contributions receivable	696,692	490,156
Allowance for uncollectible receivables	(65,861)	(49,207)
Unamortized discount to adjust contributions to net present value	<u>(51,438)</u>	<u>(12,619)</u>
Contributions receivable, net	<u><u>\$ 579,393</u></u>	<u><u>\$ 428,330</u></u>

At September 30, 2022 and 2021, the discount rates used by the Organization to calculate the present value of the contributions receivable ranged from 0.28% to 4.06%.

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	
	2022	2021
Money market funds	\$ 140,520	\$ 102,727
Equity and mutual fund securities	1,764,527	2,302,960
Fixed income securities	901,027	1,014,924
Total investments	<u>\$ 2,806,074</u>	<u>\$ 3,420,611</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, net was comprised of the following for the year ended September 30:

	2022	2021
Interest and dividends	\$ 66,756	\$ 50,215
Net realized gain on sales of investments	67,401	103,360
Net unrealized gain (loss) on investments	(680,579)	429,560
Investment expenses	(19,578)	(19,728)
Total investment income (loss), net	<u>\$ (566,000)</u>	<u>\$ 563,407</u>

F. Property and Equipment

Property and equipment consisted of the following at September 30:

	2022	2021
Land	\$ 75,000	\$ 75,000
Buildings and building improvements	1,304,565	1,258,520
Office equipment and furniture	64,400	104,070
	1,443,965	1,437,590
Less accumulated depreciation	(704,172)	(708,731)
Property and equipment, net	<u>\$ 739,793</u>	<u>\$ 728,859</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 September 30:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specific purpose	\$ 378,976	\$ 525,593
Subject to spending policy and appropriation:		
Infrastructure building and maintenance	385,705	577,520
Education and enrichment	27,678	36,487
General activities of the Organization	98,814	161,481
Endowment funds held in perpetuity	<u>572,025</u>	<u>572,025</u>
Total net assets with donor restrictions	<u>\$ 1,463,198</u>	<u>\$ 1,873,106</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, 2022 and 2021. Net assets released from restriction were approximately \$291,000 and \$804,000 for the years ended September 30, 2022 and 2021, 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.

The composition of the Organization's endowments by type as of September 30, 2022, is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Donor-restricted endowment funds	\$ -	\$ 1,084,222	\$ 1,084,222
Board-designated endowment funds	<u>1,499,618</u>	<u>-</u>	<u>1,499,618</u>
Total endowment funds	<u>\$ 1,499,618</u>	<u>\$ 1,084,222</u>	<u>\$ 2,583,840</u>

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, 2021, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Donor-restricted endowment funds	\$ -	\$ 1,347,513	\$ 1,347,513
Board-designated endowment funds	1,805,519	-	1,805,519
Total endowment funds	<u>\$ 1,805,519</u>	<u>\$ 1,347,513</u>	<u>\$ 3,153,032</u>

Changes in endowments by type for the year ended September 30, 2022, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Balance, beginning of year	\$ 1,805,519	\$ 1,347,513	\$ 3,153,032
Investment loss, net	(305,901)	(217,302)	(523,203)
Amounts appropriated for expenditure	-	(45,989)	(45,989)
Balance, end of year	<u>\$ 1,499,618</u>	<u>\$ 1,084,222</u>	<u>\$ 2,583,840</u>

Changes in endowments by type for the year ended September 30, 2021, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Balance, beginning of year	\$ 1,516,418	\$ 1,159,527	\$ 2,675,945
Investment income, net	289,101	230,500	519,601
Amounts appropriated for expenditure	-	(42,514)	(42,514)
Balance, end of year	<u>\$ 1,805,519</u>	<u>\$ 1,347,513</u>	<u>\$ 3,153,032</u>

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS *(continued)*

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 years ended September 30, 2022 and 2021.

I. Concentrations

At September 30, 2022 and 2021, the Organization had one donor which accounted for approximately 15% and 12% of contributions receivable, net, respectively.

For the years ended September 30, 2022 and 2021, the Organization’s program contract revenue was comprised of amounts received from one organization which accounted for approximately 33% and 25% of total revenue, gains, and other support, respectively.

J. Commitments and Contingencies

Leases

The Organization leases certain equipment under non-cancelable operating leases that expire in various years through 2027. Additionally, the Organization leases certain office space on a month-to-month basis. Total rental expense was approximately \$7,700 and \$6,700 for the years ended September 30, 2022 and 2021, respectively.

Future minimum payments under non-cancelable operating leases with initial terms of one year or more at September 30, 2022, were approximately as follows:

2023	\$ 2,100
2024	500
2025	500
2026	500
2027	<u>250</u>
Total minimum lease payments	<u>\$ 3,850</u>

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS (*continued*)

J. Commitments and Contingencies – continued

Paycheck Protection Program

During 2021, the Organization entered into a loan agreement issued by the Small Business Administration (“SBA”) under the Paycheck Protection Program (“PPP”) that consisted of a forgivable loan that matures on February 22, 2026, and incurs interest at 1.0% (“PPP Loan”). The PPP Loan was \$362,270. The Organization would not be liable for repayment of the PPP Loan provided that all SBA loan proceeds are used only for qualified expenditures as specified in the loan application.

The Organization has elected to account for the loan in accordance with analogized guidance from International Accounting Standards 20 – *Accounting for Government Grants and Disclosure of Government Assistance*. The Organization used the proceeds of the loan in accordance with the provisions of the CARES Act and applied for and received full forgiveness. Accordingly, the PPP Loan of \$362,270 is reflected within conditional contributions in the accompanying statement of activities during the year ended September 20, 2021.

K. Subsequent Events

In preparing the financial statements, the Organization has evaluated all subsequent events and transactions for potential recognition or disclosure through January 31, 2023, the date the financial statements were available for issuance.