

CANCER CARE SERVICES

FINANCIAL STATEMENTS

**Years Ended September 30, 2024 and 2023
with Report of Independent Auditors**

CANCER CARE SERVICES

FINANCIAL STATEMENTS

Years Ended September 30, 2024 and 2023

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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, 2024 and 2023, 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, 2024 and 2023, and the changes in its net assets 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.

Whitley Penn LLP

Fort Worth, Texas
January 21, 2025

CANCER CARE SERVICES
STATEMENTS OF FINANCIAL POSITION

	September 30,	
	2024	2023
Assets		
Cash and cash equivalents	\$ 422,798	\$ 531,111
Contributions receivable, net	1,184,365	968,468
Other receivables	-	116
Prepaid expenses	37,970	24,377
Investments board-designated for endowment	2,920,722	1,691,709
Investments restricted for endowment	527,390	430,505
Investments with other donor restriction	1,287	25,084
Investments board-designated for infrastructure	223,300	191,123
Investments with no donor restrictions or board-designation	-	740,930
Right-of-use assets - operating leases	1,056	2,593
Property and equipment, net	662,824	701,929
 Total assets	 \$ 5,981,712	 \$ 5,307,945
 Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 321,401	\$ 88,207
Operating lease liabilities	1,056	2,593
Total liabilities	322,457	90,800
 Commitments and contingencies		
 Net assets:		
Without donor restrictions		
Designated for endowment	2,920,722	1,691,709
Designated for infrastructure	223,300	191,123
Undesignated	1,363,906	2,690,512
Total without donor restrictions	4,507,928	4,573,344
With donor restrictions	1,151,327	643,801
Total net assets	5,659,255	5,217,145
 Total liabilities and net assets	 \$ 5,981,712	 \$ 5,307,945

See accompanying notes to financial statements.

CANCER CARE SERVICES
STATEMENTS OF ACTIVITIES

	Year Ended September 30, 2024			Year Ended September 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support:						
Contributions:						
General donations and grants	\$ 1,669,135	\$ 684,121	\$ 2,353,256	\$ 2,249,433	\$ 232,518	\$ 2,481,951
In-kind contributions	14,716	-	14,716	29,496	-	29,496
Program contracts	840,290	-	840,290	817,363	-	817,363
United Way allocation	13,989	-	13,989	18,750	-	18,750
Rental income	-	-	-	3,000	-	3,000
Investment income	455,840	252,122	707,962	234,185	126,664	360,849
Net assets released from restrictions	428,717	(428,717)	-	1,178,579	(1,178,579)	-
Total revenue, gains, and other support	<u>3,422,687</u>	<u>507,526</u>	<u>3,930,213</u>	<u>4,530,806</u>	<u>(819,397)</u>	<u>3,711,409</u>
Expenses:						
Program services						
Journey of Hope	2,511,590	-	2,511,590	2,377,433	-	2,377,433
Supporting services						
Management and general	374,675	-	374,675	370,424	-	370,424
Development	601,838	-	601,838	610,046	-	610,046
Total supporting services	<u>976,513</u>	<u>-</u>	<u>976,513</u>	<u>980,470</u>	<u>-</u>	<u>980,470</u>
Total expenses	<u>3,488,103</u>	<u>-</u>	<u>3,488,103</u>	<u>3,357,903</u>	<u>-</u>	<u>3,357,903</u>
Changes in net assets	(65,416)	507,526	442,110	1,172,903	(819,397)	353,506
Net assets at beginning of year	<u>4,573,344</u>	<u>643,801</u>	<u>5,217,145</u>	<u>3,400,441</u>	<u>1,463,198</u>	<u>4,863,639</u>
Net assets at end of year	<u>\$ 4,507,928</u>	<u>\$ 1,151,327</u>	<u>\$ 5,659,255</u>	<u>\$ 4,573,344</u>	<u>\$ 643,801</u>	<u>\$ 5,217,145</u>

See accompanying notes to financial statements.

CANCER CARE SERVICES
STATEMENTS OF CASH FLOWS

	Year Ended September 30,	
	2024	2023
Cash flows from operating activities:		
Changes in net assets	\$ 442,110	\$ 353,506
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	39,105	38,764
Amortization of ROU assets	1,537	6,913
Bad debt expense	53,981	-
Discount on contributions receivable	26,600	49,822
Investment income restricted for reinvestment	(24,744)	(27,874)
Realized and unrealized gain on investments	(626,785)	(289,596)
Non-cash lease expense	51	75
Changes in net assets and liabilities:		
Contributions receivable	(296,478)	(438,897)
Other receivables	116	25
Prepaid expenses	(13,593)	3,886
Accounts payable and accrued expenses	233,194	(6,846)
Operating lease liabilities	(1,588)	(6,988)
Net cash used in operating activities	(166,494)	(317,210)
Cash flows from investing activities:		
Proceeds from sale of investments	702,738	213,382
Purchases of investments	(669,301)	(197,063)
Purchases of property and equipment	-	(900)
Net cash provided by investing activities	33,437	15,419
Cash flows from financing activities:		
Investment income restricted for reinvestment	24,744	27,874
Net cash provided by financing activities	24,744	27,874
Net decrease in cash and cash equivalents	(108,313)	(273,917)
Cash and cash equivalents at beginning of year	531,111	805,028
Cash and cash equivalents at end of year	\$ 422,798	\$ 531,111
Supplemental Disclosure of Non-Cash Information		
Right-of-use assets assumed through lease liabilities	\$ -	\$ 9,506

See accompanying notes to financial statements.

CANCER CARE SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2024

	Program Services	Supporting Services		Total Supporting Services	Total Program and Supporting Services
	Journey of Hope	Management and General	Development		
Salaries	\$ 1,401,323	\$ 245,002	\$ 403,884	\$ 648,886	\$ 2,050,209
Employee benefits	186,184	29,117	31,257	60,374	246,558
Payroll taxes and other	130,618	21,360	36,055	57,415	188,033
Total salaries and related expenses	<u>1,718,125</u>	<u>295,479</u>	<u>471,196</u>	<u>766,675</u>	<u>2,484,800</u>
Bank fees	-	1,738	4,232	5,970	5,970
Conferences and meetings	3,529	945	2,420	3,365	6,894
Dues and subscriptions	2,691	218	5,738	5,956	8,647
Equipment costs	4,581	557	1,052	1,609	6,190
Fundraising	-	-	40,924	40,924	40,924
Insurance	18,733	2,307	4,340	6,647	25,380
Journey of Hope - Connect	55,275	-	-	-	55,275
Journey of Hope - Cope	414,515	444	-	444	414,959
Miscellaneous	1,127	716	175	891	2,018
Occupancy	31,860	2,416	7,335	9,751	41,611
Office supplies	4,443	626	555	1,181	5,624
Postage	2,777	244	1,767	2,011	4,788
Printing and promotion	2,341	301	3,266	3,567	5,908
Professional fees	101,284	59,890	34,960	94,850	196,134
Repairs and maintenance	47,275	4,765	14,098	18,863	66,138
Telephone	5,256	618	1,168	1,786	7,042
Transportation	664	36	1,299	1,335	1,999
	<u>2,414,476</u>	<u>371,300</u>	<u>594,525</u>	<u>965,825</u>	<u>3,380,301</u>
Bad debt expense	53,981	-	-	-	53,981
In-kind expense	14,716	-	-	-	14,716
Depreciation	<u>28,417</u>	<u>3,375</u>	<u>7,313</u>	<u>10,688</u>	<u>39,105</u>
Total expenses	<u>\$ 2,511,590</u>	<u>\$ 374,675</u>	<u>\$ 601,838</u>	<u>\$ 976,513</u>	<u>\$ 3,488,103</u>

See accompanying notes to financial statements.

CANCER CARE SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2023

	Program Services	Supporting Services		Total Supporting Services	Total Program and Supporting Services
	Journey of Hope	Management and General	Development		
Salaries	\$ 1,263,291	\$ 234,433	\$ 401,494	\$ 635,927	\$ 1,899,218
Employee benefits	156,332	28,719	31,233	59,952	216,284
Payroll taxes and other	116,664	21,138	36,169	57,307	173,971
Total salaries and related expenses	<u>1,536,287</u>	<u>284,290</u>	<u>468,896</u>	<u>753,186</u>	<u>2,289,473</u>
Bank fees	-	3,929	1,447	5,376	5,376
Conferences and meetings	13,234	360	5,749	6,109	19,343
Dues and subscriptions	2,416	509	4,419	4,928	7,344
Equipment costs	30,739	3,529	6,666	10,195	40,934
Fundraising	190	-	35,357	35,357	35,547
Insurance	18,671	2,321	4,290	6,611	25,282
Journey of Hope - Connect	54,300	60	-	60	54,360
Journey of Hope - Cope	477,162	2,249	750	2,999	480,161
Miscellaneous	1,436	399	339	738	2,174
Occupancy	27,794	3,263	6,368	9,631	37,425
Office supplies	3,958	442	557	999	4,957
Postage	2,237	156	1,459	1,615	3,852
Printing and promotion	3,159	7	2,686	2,693	5,852
Professional fees	104,542	60,051	48,902	108,953	213,495
Repairs and maintenance	37,625	4,708	13,055	17,763	55,388
Telephone	5,398	634	1,197	1,831	7,229
Transportation	104	28	1,319	1,347	1,451
	<u>2,319,252</u>	<u>366,935</u>	<u>603,456</u>	<u>970,391</u>	<u>3,289,643</u>
In-kind expense	29,496	-	-	-	29,496
Depreciation	28,685	3,489	6,590	10,079	38,764
Total expenses	<u>\$ 2,377,433</u>	<u>\$ 370,424</u>	<u>\$ 610,046</u>	<u>\$ 980,470</u>	<u>\$ 3,357,903</u>

See accompanying notes to financial statements.

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS

September 30, 2024 and 2023

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 bad debt expense 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 statements 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, 2024 and 2023.

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. There were no contract liabilities at September 30, 2024 and 2023.

Contributed Nonfinancial Assets

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

	<u>2024</u>	<u>2023</u>
Medical supplies and miscellaneous goods	\$ 12,291	\$ 29,496
Professional services	<u>2,425</u>	<u>-</u>
	<u>\$ 14,716</u>	<u>\$ 29,496</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, 2024 and 2023. 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, 2024 and 2023.

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 3 to 15 years.

Impairment of Long-Lived Assets

Depreciable long-lived assets that are held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds their fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value less selling costs. No impairments were recorded in the years ended September 30, 2024 and 2023.

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies – continued

Fair Value of Financial Instruments

The financial instruments recorded in the statements of financial position include cash and cash equivalents, other receivables, accounts payable and accrued liabilities. Due to their short-term maturities, the carrying amounts of these items are believed to approximate their fair market values.

Management evaluates credit risk for all financial instruments based on the nature of the transaction. The Organization has credit exposure within the investment portfolio, primarily through fixed income funds; however, management believes they have mitigated this risk by diversifying the investments in which the Organization invests based on such criteria as industry, geographic region, length of maturity, and credit ratings.

Leases

A lease provides the lessee the right to control the use of an identified asset for a period of time in exchange for consideration. Operating lease right-of-use assets and finance lease right-of-use assets (collectively “ROU assets”) represent the Organization’s right to use an underlying asset for the lease term. Operating lease liabilities and finance lease liabilities (collectively, “lease liabilities”) represent the Organization’s obligation to make lease payments arising from the lease. The Organization determines if an arrangement is a lease at inception. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization excludes short-term leases having initial terms of 12 months or less from ROU assets and lease liabilities and recognizes rent expense on a straight-line basis over the lease term.

The Organization has leases for certain equipment. Most operating leases contain renewal options that provide for rent increases based on prevailing market conditions. The Organization has lease extension terms that have either been extended or are likely to be extended. The terms used to calculate the ROU assets and lease liabilities for these leases include the renewal options that the Organization is reasonably certain to exercise.

The discount rate used to determine the commencement date present value of lease payments is the interest rate implicit in the lease, or when that is not readily determinable, the Organization utilizes a risk-free rate. ROU assets include any lease payments required to be made prior to commencement and exclude lease incentives. Both ROU assets and lease liabilities exclude variable payments not based on an index or rate, which are treated as period costs. The Organization’s lease agreements do not contain significant residual value guarantees, restrictions, or covenants.

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.

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies – continued

Federal Income Taxes – continued

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, 2024, 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. Management believe that the Organization is no longer subject to income tax examination for years prior to 2021.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations.

C. Availability and Liquidity

The following reflects the Organization's financial assets as of September 30, 2024 and 2023, 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, 2024	September 30, 2023
Financial assets at year-end:		
Cash and cash equivalents	\$ 422,798	\$ 531,111
Contributions receivable, net	1,184,365	968,468
Other receivables	-	116
Investments	3,672,699	3,079,351
Total financial assets	5,279,862	4,579,046
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	(947,381)	(740,465)
Restricted by donor with time or purpose restrictions	(433,977)	(176,389)
Subject to appropriation and satisfaction of donor restrictions	(460,325)	(210,387)
Restricted by donor to be held in perpetuity	(257,025)	(257,025)
Board-designated endowment fund, primarily for long-term investing	(2,920,722)	(1,691,709)
Board-designated investments for infrastructure	(223,300)	(191,123)
Financial assets available to meet general expenditures over the next twelve months	\$ 37,132	\$ 1,311,948

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, 2024 and 2023, the Organization has approximately \$37,000 and \$1,312,000, 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 \$1,151,000 and \$644,000, 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:

	2024	2023
Less than 1 year	\$ 425,273	\$ 377,305
1-5 years	947,381	740,465
Total contributions receivable	1,372,654	1,117,770
Allowance for uncollectible receivables	(60,429)	(48,042)
Unamortized discount to adjust contributions to net present value	(127,860)	(101,260)
Contributions receivable, net	\$ 1,184,365	\$ 968,468

Contributions receivable, net were approximately \$579,000 at October 1, 2022. At September 30, 2024 and 2023, the discount rates used by the Organization to calculate the present value of the contributions receivable ranged from 0.28% to 4.60%.

E. Investments

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

	Level 1	
	2024	2023
Money market funds	\$ 123,715	\$ 174,608
Equity and mutual fund securities	2,431,325	1,958,107
Fixed income securities	1,117,659	946,636
Total investments	\$ 3,672,699	\$ 3,079,351

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.

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS *(continued)*

E. Investments – continued

The Organization’s investment income, net was comprised of the following for the years ended September 30:

	2024	2023
Interest and dividends	\$ 101,317	\$ 89,398
Net realized gain on sales of investments	178,467	54,131
Net unrealized gain on investments	449,405	235,465
Investment expenses	(21,227)	(18,145)
Total investment income, net	\$ 707,962	\$ 360,849

F. Property and Equipment

Property and equipment consisted of the following at September 30:

	2024	2023
Land	\$ 75,000	\$ 75,000
Buildings and building improvements	1,305,807	1,305,807
Office equipment and furniture	64,400	64,400
	1,445,207	1,445,207
Less accumulated depreciation	(782,383)	(743,278)
Property and equipment, net	\$ 662,824	\$ 701,929

G. Net Assets with Donor Restrictions and Endowment Funds

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

	2024	2023
Subject to expenditure for specific purpose	\$ 433,977	\$ 176,389
Subject to spending policy and appropriation:		
Infrastructure building and maintenance	203,631	42,228
Education and enrichment	43,270	32,631
General activities of the Organization	213,424	135,528
Endowment funds held in perpetuity	257,025	257,025
Total net assets with donor restrictions	\$ 1,151,327	\$ 643,801

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS (continued)

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

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, 2024 and 2023. Net assets released from restriction were approximately \$429,000 and \$1,179,000 for the years ended September 30, 2024 and 2023, 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 six 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, 2024, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Donor-restricted endowment funds	\$ -	\$ 527,390	\$ 527,390
Board-designated endowment funds	2,920,722	-	2,920,722
Total endowment funds	\$ 2,920,722	\$ 527,390	\$ 3,448,112

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

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Donor-restricted endowment funds	\$ -	\$ 430,505	\$ 430,505
Board-designated endowment funds	1,691,709	-	1,691,709
Total endowment funds	\$ 1,691,709	\$ 430,505	\$ 2,122,214

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, 2024, are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Balance, beginning of year	\$ 1,691,709	\$ 430,505	\$ 2,122,214
Investment income, net	488,083	96,885	584,968
Board designated from existing funds	740,930	-	740,930
Amounts appropriated for expenditure	-	-	-
Balance, end of year	<u>\$ 2,920,722</u>	<u>\$ 527,390</u>	<u>\$ 3,448,112</u>

Changes in endowments by type for the year ended September 30, 2023, are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Balance, beginning of year	\$ 1,499,618	\$ 1,084,222	\$ 2,583,840
Investment income, net	192,091	124,120	316,211
Released from restriction	-	(740,930)	(740,930)
Amounts appropriated for expenditure	-	(36,907)	(36,907)
Balance, end of year	<u>\$ 1,691,709</u>	<u>\$ 430,505</u>	<u>\$ 2,122,214</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. For the years ended September 30, 2024 and 2023, the Organization made matching contributions to the Plan of approximately \$9,200 and \$9,000, respectively.

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS *(continued)*

I. Concentrations

At September 30, 2024 and 2023, the Organization had one donor which accounted for approximately 25% and 10% of contributions receivable, net, respectively.

For the years ended September 30, 2024 and 2023, the Organization's program contract revenue was comprised of amounts received from one organization which accounted for approximately 21% and 22% of total revenue, gains, and other support, respectively.

J. Leases

The Organization has leases for certain equipment. Total operating lease costs were approximately \$1,600 and \$7,000 for the years ended September 30, 2024 and 2023, respectively.

Maturities of lease liabilities as of September 30, 2024, are as follows:

	Operating Leases
2025	\$ 508
2026	508
2027	85
Total lease payments	1,101
Less present value discount	(45)
Lease liabilities	\$ 1,056

Weighted average lease term and discount rate are as follows as of September 30:

	2024	2023
Weighted average remaining lease term (years)		
Operating leases	2.17	1.92
Weighted average discount rate		
Operating leases	4.06%	2.49%

Cash paid during the years ended September 30, 2024 and 2023, for operating leases is as follows:

	2024	2023
Operating leases		
Operating cash flows	\$ 1,588	\$ 6,988

CANCER CARE SERVICES

NOTES TO FINANCIAL STATEMENTS *(continued)*

K. Subsequent Events

In preparing the financial statements, the Organization has evaluated all subsequent events and transactions for potential recognition or disclosure through January 21, 2025, the date the financial statements were available for issuance.