



FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016



# LITTLE RED DOOR CANCER AGENCY, INC.

## TABLE OF CONTENTS

DECEMBER 31, 2017 AND 2016

	Page
<b>Independent Auditor's Report</b>	1 - 2
<b>Financial Statements:</b>	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 18



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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Little Red Door Cancer Agency, Inc.  
Indianapolis, Indiana

We have audited the accompanying financial statements of Little Red Door Cancer Agency, Inc., which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our 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 of 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 Little Red Door Cancer Agency, Inc. as of December 31, 2017 and 2016 and the changes in net assets, functional expenses, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

## **Correction of Error**

As discussed in Note 14 to the financial statements, an error in the application of accounting principles generally accepted in the United States of America was discovered by Management during 2017 resulting in an understatement of total assets and net assets as of December 31, 2016, and the understatement of support and revenue for the year ended December 31, 2016. The correction of error resulted in the restatement of the 2016 financial statements now presented. Our opinion is not modified with respect to that matter.

A handwritten signature in cursive script that reads "Aludy CPA Group".

August 13, 2018

# LITTLE RED DOOR CANCER AGENCY, INC.

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2017 AND 2016

### ASSETS

	<u>2017</u>	<u>2016</u> (Restated)
<b>Assets:</b>		
Cash	\$ 798,499	\$ 317,695
Grants receivable	107,230	96,206
Pledges receivable, net of allowance for uncollectible accounts of \$30,000 and \$2,500	214,109	249,644
Prepaid expenses	3,919	3,754
Investments	2,486,963	2,466,619
Property and equipment, net	186,309	256,926
Beneficial interest in assets held by others	<u>612,841</u>	<u>555,805</u>
 Total assets	 <u>\$ 4,409,870</u>	 <u>\$ 3,946,649</u>

### LIABILITIES AND NET ASSETS

<b>Liabilities:</b>		
Line of credit	\$ 94	\$ 261,782
Accounts payable	603,400	92,740
Accrued expenses	86,717	60,487
United Way Maintenance Reserve	<u>6,192</u>	<u>6,192</u>
Total liabilities	<u>696,403</u>	<u>421,201</u>
 <b>Net Assets:</b>		
Unrestricted net assets	2,262,850	2,159,782
Temporarily restricted net assets	795,773	767,858
Permanently restricted net assets	<u>654,844</u>	<u>597,808</u>
Total net assets	<u>3,713,467</u>	<u>3,525,448</u>
 Total liabilities and net assets	 <u>\$ 4,409,870</u>	 <u>\$ 3,946,649</u>

See accompanying Notes to Financial Statements.

## LITTLE RED DOOR CANCER AGENCY, INC.

### STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED DECEMBER 31, 2017 (WITH COMPARATIVE TOTALS FOR 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2017 Total</u>	<u>2016 Total (Restated)</u>
<b>Support and Revenues:</b>					
Contributions and grants	\$ 1,063,707	\$ 594,257	\$ -0-	\$ 1,657,964	\$ 1,401,113
Capital Campaign	-0-	588,080	-0-	588,080	300,000
United Way of Central Indiana, Inc.	218,089	-0-	-0-	218,089	193,435
In-kind contributions	16,188	-0-	-0-	16,188	32,596
Net change in beneficial interest in assets held by others	-0-	-0-	57,036	57,036	(3,104)
	<u>1,297,984</u>	<u>1,182,337</u>	<u>57,036</u>	<u>2,537,357</u>	<u>1,924,040</u>
<b>Other Income:</b>					
Interest and investment income, net	347,567	-0-	-0-	347,567	108,505
Other income	17,075	-0-	-0-	17,075	1,337
	<u>364,642</u>	<u>-0-</u>	<u>-0-</u>	<u>364,642</u>	<u>109,842</u>
Total support and revenues	1,662,626	1,182,337	57,036	2,901,999	2,033,882
<b>Temporarily Restricted Net Assets Released from Restrictions</b>					
	<u>1,154,422</u>	<u>(1,154,422)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
	<u>2,817,048</u>	<u>27,915</u>	<u>57,036</u>	<u>2,901,999</u>	<u>2,033,882</u>
<b>Expenses:</b>					
Program Services:					
Screening and detection	460,979	-0-	-0-	460,979	318,049
Client services	660,531	-0-	-0-	660,531	659,265
Education	416,964	-0-	-0-	416,964	239,911
Camp Little Red Door	339,784	-0-	-0-	339,784	91,583
Client navigation	271,709	-0-	-0-	271,709	116,862
Indiana Cancer Consortium	91,412	-0-	-0-	91,412	143,923
Total program services	2,241,379	-0-	-0-	2,241,379	1,569,593
Management and general	179,587	-0-	-0-	179,587	148,287
Fundraising	293,014	-0-	-0-	293,014	236,099
Total expenses	<u>2,713,980</u>	<u>-0-</u>	<u>-0-</u>	<u>2,713,980</u>	<u>1,953,979</u>
Change in net assets	103,068	27,915	57,036	188,019	79,903
<b>Net Assets, Beginning of Year</b>	<u>2,159,782</u>	<u>767,858</u>	<u>597,808</u>	<u>3,525,448</u>	<u>3,445,545</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,262,850</u>	<u>\$ 795,773</u>	<u>\$ 654,844</u>	<u>\$ 3,713,467</u>	<u>\$ 3,525,448</u>

See accompanying Notes to Financial Statements.

# LITTLE RED DOOR CANCER AGENCY, INC.

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED DECEMBER 31, 2016 (RESTATED)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Support and Revenues:</b>				
Contributions and grants	\$ 821,092	\$ 580,021	\$ -0-	\$ 1,401,113
Capital Campaign	-0-	300,000	-0-	300,000
United Way of Central Indiana, Inc.	193,435	-0-	-0-	193,435
In-kind contributions	32,596	-0-	-0-	32,596
Net change in beneficial interest in assets held by others	-0-	-0-	(3,104)	(3,104)
	<u>1,047,123</u>	<u>880,021</u>	<u>(3,104)</u>	<u>1,924,040</u>
<b>Other Income:</b>				
Interest and investment income, net	108,505	-0-	-0-	108,505
Other income	1,337	-0-	-0-	1,337
	<u>109,842</u>	<u>-0-</u>	<u>-0-</u>	<u>109,842</u>
Total support and revenues	1,156,965	880,021	(3,104)	2,033,882
<b>Temporarily Restricted Net Assets Released from Restrictions</b>				
	<u>630,666</u>	<u>(630,666)</u>	<u>-0-</u>	<u>-0-</u>
	<u>1,787,631</u>	<u>249,355</u>	<u>(3,104)</u>	<u>2,033,882</u>
<b>Expenses:</b>				
Program Services:				
Screening and detection	318,049	-0-	-0-	318,049
Client services	659,265	-0-	-0-	659,265
Education	239,911	-0-	-0-	239,911
Camp Little Red Door	91,583	-0-	-0-	91,583
Client navigation	116,862	-0-	-0-	116,862
Indiana Cancer Consortium	143,923	-0-	-0-	143,923
Total program services	1,569,593	-0-	-0-	1,569,593
Management and general	148,287	-0-	-0-	148,287
Fundraising	236,099	-0-	-0-	236,099
Total expenses	<u>1,953,979</u>	<u>-0-</u>	<u>-0-</u>	<u>1,953,979</u>
Change in net assets	(166,348)	249,355	(3,104)	79,903
<b>Net Assets, Beginning of Year</b>	<u>2,326,130</u>	<u>518,503</u>	<u>600,912</u>	<u>3,445,545</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,159,782</u>	<u>\$ 767,858</u>	<u>\$ 597,808</u>	<u>\$ 3,525,448</u>

See accompanying Notes to Financial Statements.

# LITTLE RED DOOR CANCER AGENCY, INC.

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2017 (WITH COMPARATIVE TOTALS FOR 2016)

	Program Services						Management and General	Fundraising	2017 Total	2016 Total
	Screening and Detection	Client Services	Education	Camp Little Red Door	Client Navigation	Indiana Cancer Consortium				
<b>Labor and benefits:</b>										
Salaries	\$ 155,806	\$ 140,967	\$ 111,290	\$ 66,774	\$ 51,935	\$ 51,935	\$ 74,193	\$ 89,032	\$ 741,932	\$ 839,780
Employee benefits and payroll taxes	39,813	29,520	26,700	17,647	14,816	12,855	18,356	11,168	170,875	168,610
Total labor and benefits	195,619	170,487	137,990	84,421	66,751	64,790	92,549	100,200	912,807	1,008,390
<b>Other Expenses:</b>										
Capital Campaign	138,385	138,385	138,385	138,385	138,385	-0-	-0-	-0-	691,925	47,232
Training and conferences	75	1,370	295	-0-	40	571	-0-	2,000	4,351	3,710
Employment costs	-0-	-0-	-0-	-0-	199	-0-	937	-0-	1,136	2,594
Travel	99	1,856	3,312	246	-0-	3,708	293	8,458	17,972	20,742
Client services	43,314	219,354	-0-	-0-	-0-	-0-	-0-	-0-	262,668	335,662
Programming supplies	-0-	12,228	5,757	1,270	5,683	5,244	-0-	695	30,877	7,655
Volunteer appreciation	-0-	-0-	38	-0-	-0-	-0-	-0-	225	263	287
Office expense	4,298	9,456	7,307	-0-	10,316	333	9,348	2,149	43,207	28,278
Printed materials	-0-	566	1,628	3,155	-0-	4,767	4,098	9,548	23,762	27,546
Business insurance	2,785	13,288	3,713	-0-	6,498	-0-	-0-	-0-	26,284	19,660
Conferences and meetings	-0-	353	-0-	3,160	-0-	5,931	400	2,056	11,900	29,490
Professional fees	27,140	34,499	18,455	694	8,685	-0-	13,091	19,863	122,427	141,045
Advertising costs	-0-	832	2,795	1,602	-0-	2,258	3,598	6,179	17,264	17,341
Events	283	-0-	37,640	99,313	-0-	2,860	5,285	124,103	269,484	76,411
Facility costs	7,496	13,993	37,640	476	15,141	950	950	475	77,121	51,825
Information technology	4,592	9,511	6,559	-0-	10,823	-0-	656	656	32,797	57,306
Bad debt expense	-0-	-0-	-0-	-0-	-0-	-0-	27,500	-0-	27,500	-0-
Other costs	15,002	13,874	10,507	-0-	4,951	-0-	13,820	11,464	69,618	8,231
Depreciation	21,891	20,479	4,943	7,062	4,237	-0-	7,062	4,943	70,617	70,574
Total expenses	\$ 460,979	\$ 660,531	\$ 416,964	\$ 339,784	\$ 271,709	\$ 91,412	\$ 179,587	\$ 293,014	\$ 2,713,980	\$ 1,953,979

See accompanying Notes to Financial Statements.



# LITTLE RED DOOR CANCER AGENCY, INC.

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2016

	Program Services						Management and General	Fundraising	2016 Total
	Screening and Detection	Client Services	Education	Camp Little Red Door	Client Navigation	Indiana Cancer Consortium			
<b>Labor and benefits:</b>									
Salaries	\$ 195,956	\$ 171,275	\$ 111,782	\$ 60,481	\$ 30,882	\$ 98,664	\$ 74,256	\$ 96,484	\$ 839,780
Employee benefits and payroll taxes	33,115	33,481	21,566	9,402	17,693	15,419	22,277	15,657	168,610
Total labor and benefits	229,071	204,756	133,348	69,883	48,575	114,083	96,533	112,141	1,008,390
<b>Other Expenses:</b>									
Capital campaign	-0-	-0-	-0-	-0-	-0-	-0-	3,062	44,170	47,232
Training and conferences	-0-	284	67	-0-	1,292	-0-	428	1,639	3,710
Employment costs	-0-	30	-0-	-0-	175	175	2,214	-0-	2,594
Travel	38	448	2,153	161	209	4,602	4,967	8,164	20,742
Client services	42,131	284,406	2,538	-0-	-0-	6,532	-0-	55	335,662
Programming supplies	-0-	245	1,184	-0-	5,844	382	-0-	-0-	7,655
Volunteer appreciation	-0-	-0-	-0-	-0-	-0-	-0-	-0-	287	287
Office expense	2,964	6,221	4,703	56	6,882	113	6,047	1,292	28,278
Printed materials	-0-	1,561	6,986	2,009	263	4,770	5,359	6,598	27,546
Business insurance	2,083	9,940	2,777	-0-	4,860	-0-	-0-	-0-	19,660
Conferences and meetings	71	142	94	2,708	165	11,279	256	14,775	29,490
Professional fees	3,841	96,583	18,609	-0-	8,962	350	12,700	-0-	141,045
Advertising costs	2	1,329	5,041	-0-	5	500	75	10,389	17,341
Events	-0-	1,186	35,314	9,501	-0-	-0-	100	30,310	76,411
Facility costs	7,947	14,533	10,694	261	16,139	1,137	802	312	51,825
Information technology	8,167	16,783	11,356	-0-	18,997	-0-	1,112	891	57,306
Other costs	68	143	97	-0-	161	-0-	7,762	-0-	8,231
Depreciation	21,666	20,675	4,950	7,004	4,333	-0-	6,870	5,076	70,574
Total expenses	\$ 318,049	\$ 659,265	\$ 239,911	\$ 91,583	\$ 116,862	\$ 143,923	\$ 148,287	\$ 236,099	\$ 1,953,979

See accompanying Notes to Financial Statements.

# LITTLE RED DOOR CANCER AGENCY, INC.

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u> <u>(Restated)</u>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 188,019	\$ 79,903
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	70,617	70,573
Net realized and unrealized gain on investments	(332,324)	(92,682)
Net change in beneficial interest in assets held by others	(57,036)	3,104
Changes in operating assets and liabilities:		
Grants receivable	(11,024)	(4,869)
Pledges receivable	35,535	(222,650)
Prepaid expenses	(165)	10,357
Accounts payable	510,660	41,997
Accrued expenses	26,230	(1,621)
Net cash provided by (used in) operating activities	<u>430,512</u>	<u>(115,888)</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of investments	(45,229)	(48,221)
Proceeds received from sale of investments	357,209	164,932
Capital expenditures	<u>-0-</u>	<u>(19,069)</u>
Net cash provided by investing activities	<u>311,980</u>	<u>97,642</u>
<b>Cash Flows from Financing Activities:</b>		
Borrowings (repayments) under line of credit, net	<u>(261,688)</u>	<u>261,342</u>
Net increase in cash	480,804	243,096
<b>Cash, Beginning of Year</b>	<u>317,695</u>	<u>74,599</u>
<b>Cash, End of Year</b>	<u>\$ 798,499</u>	<u>\$ 317,695</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest	<u>\$ 5,625</u>	<u>\$ 7,762</u>

See accompanying Notes to Financial Statements.

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES

Little Red Door Cancer Agency, Inc. ("LRD"), was founded in 1945 to facilitate support services, screening, detection and education to the medically indigent, underserved, and uninsured population of greater Indianapolis.

LRD's primary programs include the following:

Screening and Detection - Facilitate screenings and follow up assistance for the detection of cervical, prostate, and breast cancer;

Client Services - Facilitate transportation to and from treatment, medical supplies, nutritional supplements, wigs and turbans, breast prosthesis, support groups, and client referrals;

Education - Provide educational programs and materials on cancer, cancer risks and the importance of a healthy lifestyle;

Camp Little Red Door - Provide a week-long camp for Indiana children ages 8 to 18 surviving cancer;

Client Navigation - Provide information about and guidance to resources and services for clients with cancer;

Indiana Cancer Consortium - Provide a statewide network coordinating education, detection, treatment, quality of life, data, and advocacy for cancer in Indiana (Note 11).

LRD served 28,718 clients in 2017. Of the 28,718 in 2017, 2,143 received direct services and 26,575 benefited from outreach and educational services. LRD achieved 106% of their goal in 2017.

LRD served 30,682 clients in 2016. Of the 30,682 in 2016, 2,310 received direct services and 28,372 benefited from outreach and educational services. LRD achieved 113% of their goal in 2016.

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

The significant accounting policies followed by LRD in the preparation of its financial statements are summarized below:

### Basis of Presentation

Net assets, support, revenue and expenses are classified based on the existence or absence of donor-imposed restrictions. Unrestricted assets are net assets not subject to donor-imposed restrictions and are, therefore, available to support the general operations of LRD. Temporarily restricted net assets are net assets subject to donor-imposed restrictions related to specific projects, the passage of time, or the occurrence of certain events. Permanently restricted net assets are those net assets held in perpetuity. The net income from these investments and all non-restricted contributions are available for release to the unrestricted fund.

### Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts in the financial statements and notes to the financial statements. Actual results could differ from those estimates. Significant estimates made in preparation of LRD's financial statements include collectability of pledges receivable, useful lives of property and equipment, and the classification of functional expenses.

### Revenue Recognition and Grants and Pledges Receivable

Support and program revenues are reported as increases in unrestricted, temporarily restricted or permanently restricted net assets based upon donor-imposed restrictions, if any. LRD records donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support and program revenue. Pledges and contributions are recognized when donors make an unconditional promise to give to LRD either in writing or verbally. Revenues are reported as temporarily or permanently restricted revenues if the donor stipulates specific limitations as to the use of the gift, pledge or contributions, including passage of time or other terms limiting its uses. When a donor restriction expires, temporarily restricted net assets are released and transferred to unrestricted net assets. Permanently restricted net assets are maintained in perpetuity in accordance with state law and donor intentions

Grants receivable represent the uncollected portion of funds from grants awarded to LRD.

Pledges receivable represent promises to give which have been made by donors but have not yet been received by LRD. On a periodic basis, LRD evaluates its pledges receivable and establishes an allowance for doubtful accounts based on past write-offs, collections and current credit conditions.

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

### Property and Equipment and Depreciation

Purchased property and equipment are recorded at cost. Items donated are recorded at fair market value on the date of donation. Costs of improvements are capitalized and costs of repairs and maintenance are expensed as incurred. Depreciation is recorded over the estimated useful lives of the assets utilizing the straight-line method. The lives of these assets range from 3 to 50 years.

### Donated Services and Supplies

Companies and volunteers donated significant supplies for program activities at an estimated fair value of \$16,188 and \$32,596 for the years ended December 31, 2017 and 2016, respectively, as reflected in the accompanying financial statements as in-kind contributions. Additionally, volunteers donate a significant amount of time to LRD's programs at an undetermined fair value. These services are not reflected in the financial statements in accordance with U.S. GAAP.

### Functional Expenses

Expenses are functionally classified as Program Services, Management and General, and Fundraising. Classifications are based on actual direct expenditures and cost allocations determined by estimates of time spent by LRD personnel.

### Income Taxes

LRD is exempt from Federal and state income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state law. Accordingly, no provision has been made for Federal or state income taxes.

Management of LRD evaluates all significant tax positions to ensure compliance with exempt purpose of the organization as required by U.S. GAAP, including consideration of any unrelated business income tax. As of December 31, 2017, Management does not believe LRD has taken any tax positions that are not in compliance with the exempt purpose of the organization. LRD's Federal and state tax returns remain open and subject to examination beginning with the calendar tax year ended December 31, 2014.

### Subsequent Events

Subsequent events have been evaluated through August 13, 2018, which is the date the financial statements were available for issuance.

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

### 2. PLEDGES RECEIVABLE

#### New Hope Capital Campaign

As of December 31, 2017, LRD has raised \$938,080 for the New Hope Capital Campaign for the purpose of building renovations. During 2017 and 2016, LRD spent \$691,925 and \$47,232, respectively, related to building renovations and start-up costs for the building renovations that were charged to expense. It is LRD's policy to charge all repair and maintenance costs related to the New Hope Capital Campaign to expense and not to capitalize any costs other than amounts, if any, expended for new equipment.

#### "Faces of Hope" Campaign

Since 2008, LRD has raised funds through individual contributions to fund a host of educational and program expenses.

Pledges receivable at December 31, 2017 and 2016 include the following:

	<u>2017</u>	<u>2016</u>
Less than one year	\$ 226,658	\$ 171,558
One to five years	<u>17,451</u>	<u>80,586</u>
	244,109	252,144
Less allowance for uncollectible accounts	<u>30,000</u>	<u>2,500</u>
	<u>\$ 214,109</u>	<u>\$ 249,644</u>

### 3. GRANTS RECEIVABLE

LRD recognizes all material conditional and unconditional promises to give as support and revenues.

Grants receivables of \$107,230 and \$80,129 at December 31, 2017 and 2016, respectively, are due from various grantors within one year.

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

### 4. FAIR VALUE MEASUREMENTS AND INVESTMENTS

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP also establishes a fair value hierarchy, which requires LRD to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following three levels are defined by U.S. GAAP as a means of measuring fair value:

#### **Level 1**

Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

#### **Level 2**

Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

#### **Level 3**

Unobservable inputs reflecting the entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Assets measured at fair value at December 31, 2017 include the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 98,202	\$ -0-	\$ -0-	\$ 98,202
Fixed income funds	418,423	-0-	-0-	418,423
Common stocks:				
Domestic	1,150,038	-0-	-0-	1,150,038
International	589,577	-0-	-0-	589,577
Alternative investments	195,346	-0-	-0-	195,346
Real estate investment trusts	28,642	-0-	-0-	28,642
Other	6,735	-0-	-0-	6,735
Total investments	<u>2,486,963</u>	<u>-0-</u>	<u>-0-</u>	<u>2,486,963</u>
Beneficial interest in assets held by others	<u>-0-</u>	<u>612,841</u>	<u>-0-</u>	<u>612,841</u>
Total	<u>\$ 2,486,963</u>	<u>\$ 612,841</u>	<u>\$ -0-</u>	<u>\$ 3,099,804</u>

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

Assets measured at fair value at December 31, 2016 include the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 100,442	\$ -0-	\$ -0-	\$ 100,442
Fixed income funds	423,449	-0-	-0-	423,449
Common stocks:				
Domestic	1,221,311	-0-	-0-	1,221,311
International	478,859	-0-	-0-	478,859
Alternative investments	196,428	-0-	-0-	196,428
Real estate investment trusts	41,614	-0-	-0-	41,614
Other	4,516	-0-	-0-	4,516
Total investments	<u>2,466,619</u>	<u>-0-</u>	<u>-0-</u>	<u>2,466,619</u>
Beneficial interest in assets held by others	<u>-0-</u>	<u>555,805</u>	<u>-0-</u>	<u>555,805</u>
Total	<u>\$ 2,466,619</u>	<u>\$ 555,805</u>	<u>\$ -0-</u>	<u>\$ 3,022,424</u>

Interest and investment income include the following for the year ended December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Interest and dividend income	\$ 45,229	\$ 48,221
Net realized gain (loss)	94,514	(33,458)
Net unrealized gain	237,810	126,140
Administrative expenses	(29,986)	(32,398)
	<u>\$ 347,567</u>	<u>\$ 108,505</u>



# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

### 5. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2017 and 2016 include the following:

	<u>2017</u>	<u>2016</u>
Land	\$ 64,175	\$ 64,175
Land improvements	30,249	30,249
Building and improvements	1,383,763	1,383,763
Warehouse	122,195	122,195
Equipment	172,300	172,300
Furniture and fixtures	42,537	42,537
Vehicles	13,836	13,836
	<u>1,829,055</u>	<u>1,829,055</u>
Less accumulated depreciation	<u>(1,642,746)</u>	<u>(1,572,129)</u>
	<u>\$ 186,309</u>	<u>\$ 256,926</u>

### 6. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

LRD is the beneficiary of various perpetual trusts, the corpus of which are not controlled by the management of LRD. Beneficial interests in assets held by others are measured using the fair value of the assets held in the trust, which are readily available based on quoted market prices, reported by the trustee as of December 31, 2017 and 2016. Under these arrangements, LRD has the irrevocable right to receive income earned on all or a portion of the underlying assets held in perpetuity. Accordingly, contribution revenue and the related assets are recognized at fair value. Subsequent changes in the underlying assets have been recorded in the accompanying statement of activities and changes in net assets. Beneficial interest in perpetual trust totaled \$612,841 and \$555,805 as of December 31, 2017 and 2016, respectively.

### 7. LINE OF CREDIT

LRD has \$1,000,000 (\$500,000 at December 31, 2016) of available borrowings under a line of credit with a financial institution. Available borrowings are limited to the lesser of \$1,000,000 or a percentage of LRD's investment portfolio value. The credit agreement requires monthly payments of interest on outstanding borrowings at 0.5% below the financial institution's prime rate. Outstanding borrowings as of December 31, 2017 and 2016 were \$94 and \$261,782, respectively.

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

### 8. RETIREMENT PLAN

LRD sponsors a 401(k) salary reduction plan. The plan covers all employees of LRD who meet the age and hour requirement. An employee's contribution may not exceed the maximum amount allowed as determined by the Internal Revenue Code. LRD matches 100% of each participant's contribution up to 3% of gross salary and 50% of each participant's contribution for the next 3% of gross salary. LRD contributed \$19,674 and \$27,553 for the years ended December 31, 2017 and 2016, respectively.

### 9. UNITED WAY

LRD received public support from the United Way as follows:

	<u>2017</u>	<u>2016</u>
General fund allocation	\$ 218,089	\$ 193,435
Donor option	<u>85,305</u>	<u>131,966</u>
	<u>\$ 303,394</u>	<u>\$ 325,401</u>

Program expenditures for 2017 and 2016 exceeded public support funds received from the United Way.

At December 31, 2017 and 2016, \$6,192 was accrued for the United Way Capital Improvements Facilities Maintenance Fund, which is included in the United Way Maintenance Reserve liability.

### 10. FISCAL AGENT – INDIANA CANCER CONSORTIUM

LRD is the fiscal agent for Indiana Cancer Consortium ("ICC"). ICC is a nonprofit organization formed to reduce the cancer burden in Indiana through the development, implementation, and evaluation of a comprehensive cancer control plan. LRD is responsible for accounting, payroll administration, and other administrative services on behalf of ICC.

Under a Grant Agreement between Indiana State Department of Health and LRD for the period of June 30, 2017 through June 29, 2018, LRD is to be the recipient of up to \$74,757 of eligible cost reimbursement for ICC under the Grant. For the period of June 30, 2017 through December 31, 2017 LRD is eligible for reimbursement of \$108,328 under the Grant, of which \$39,681 is outstanding and included in Grants Receivable in the Statement of Financial Position.

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

Under a Grant Agreement between Indiana State Department of Health and LRD for the period of June 30, 2016 through June 29, 2017, LRD is to be the recipient of up to \$136,929 of eligible cost reimbursement for ICC under the Grant. For the period of June 30, 2016 through December 31, 2016 LRD is eligible for reimbursement of \$68,282 under the Grant, of which \$16,077 is outstanding and included in Grants Receivable in the Statement of Financial Position.

### 11. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Transportation	\$ 329,483	\$ 199,946
Camp Little Red Door	199,798	143,155
Capital Campaign	198,922	302,768
Time restriction	45,835	37,144
Rev. Charles Williams Memorial	21,735	21,735
Komen Mammography Assistance	<u>-0-</u>	<u>63,110</u>
Total temporarily restricted net assets	<u>\$ 795,773</u>	<u>\$ 767,858</u>

Net assets released from restrictions, due to the satisfaction of donor-imposed restrictions, totaled \$1,154,422 and \$630,666 for the years ended December 31, 2017 and 2016, respectively. The assets were used for program expenses and operations as stipulated by the donors.

### 12. RELATED PARTY TRANSACTIONS

For the years ended December 31, 2017 and 2016, total contributions of \$347,010 and \$142,299, respectively, were received from members of LRD's Board of Directors and employees.

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

### 13. CONCENTRATION OF CREDIT RISK

#### Cash

LRD maintains its cash in bank deposit accounts which, at times, may exceed Federally insured limits. LRD has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash.

#### Grants Receivable

For the year ended December 31, 2017, two (2) donors represented 100% of grants receivable.

For the year ended December 31, 2016, three (3) donors represented 79% of grants receivable.

### 14. CORRECTION OF ERROR

During 2017, LRD discovered an error in the previously issued financial statements with the application of U.S. GAAP requiring unconditional pledges to be recorded as contributions when notified and accordingly, an adjustment to increase pledges receivable and net assets of \$215,000 as of December 31, 2016 and increase support and revenue \$215,000 for the year ended December 31, 2016.