



FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019



LITTLE RED DOOR CANCER AGENCY, INC.

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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, 2020 and 2019, 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, 2020 and 2019 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.

Alexding CPA Group

May 14, 2021

LITTLE RED DOOR CANCER AGENCY, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Assets:		
Cash	\$ 439,922	\$ 63,365
Grants receivable	115,781	124,355
Pledges receivable, net of allowance for uncollectible accounts of \$5,000 and \$20,000, respectively	41,938	478,128
Prepaid expenses	28,256	21,794
Investments	2,691,560	2,483,304
Property and equipment, net	323,869	309,844
Beneficial interest in assets held by others	<u>670,331</u>	<u>630,672</u>
Total assets	<u>\$ 4,311,657</u>	<u>\$ 4,111,462</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Line of credit	\$ -0-	\$ 289,514
Accounts payable	26,935	83,944
Accrued expenses	57,460	42,539
United Way Maintenance Reserve	10,000	10,000
Total liabilities	<u>94,395</u>	<u>425,997</u>
Net Assets:		
Without donor restrictions	3,382,877	2,956,889
With donor restrictions	<u>834,385</u>	<u>728,576</u>
Total net assets	<u>4,217,262</u>	<u>3,685,465</u>
Total liabilities and net assets	<u>\$ 4,311,657</u>	<u>\$ 4,111,462</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, 2020 (WITH COMPARATIVE TOTALS FOR 2019)

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and Revenues:				
Contributions and grants	\$ 1,218,038	\$ 223,888	\$ 1,441,926	\$ 2,370,294
United Way of Central Indiana, Inc.	363,224	-0-	363,224	213,996
In-kind contributions	731	-0-	731	3,575
Paycheck Protection Program	247,300	-0-	247,300	-0-
Change in beneficial interest in assets held by others	-0-	68,140	68,140	121,311
	<u>1,829,293</u>	<u>292,028</u>	<u>2,121,321</u>	<u>2,709,176</u>
Other Income:				
Interest and investment income, net	328,556	-0-	328,556	433,245
Other income	11,687	-0-	11,687	20,173
	<u>340,243</u>	<u>-0-</u>	<u>340,243</u>	<u>453,418</u>
Total support and revenues	2,169,536	292,028	2,461,564	3,162,594
Net Assets Released from Donor Restrictions	<u>186,219</u>	<u>(186,219)</u>	<u>-0-</u>	<u>-0-</u>
	<u>2,355,755</u>	<u>105,809</u>	<u>2,461,564</u>	<u>3,162,594</u>
Expenses:				
Program Services:				
Client services	549,721	-0-	549,721	585,928
Client transportation	426,845	-0-	426,845	523,367
Client navigation	275,355	-0-	275,355	304,457
Camp Little Red Door	109,836	-0-	109,836	225,611
Education	78,395	-0-	78,395	199,045
Tobacco Prevention Coalition	119,487	-0-	119,487	120,536
Screening and detection	-0-	-0-	-0-	84,502
Total program services	<u>1,559,639</u>	<u>-0-</u>	<u>1,559,639</u>	<u>2,043,446</u>
Management and general	169,581	-0-	169,581	214,580
Fundraising	200,547	-0-	200,547	253,571
Total expenses	<u>1,929,767</u>	<u>-0-</u>	<u>1,929,767</u>	<u>2,511,597</u>
Change in net assets	425,988	105,809	531,797	650,997
Net Assets, Beginning of Year	<u>2,956,889</u>	<u>728,576</u>	<u>3,685,465</u>	<u>3,034,468</u>
Net Assets, End of Year	<u>\$ 3,382,877</u>	<u>\$ 834,385</u>	<u>\$ 4,217,262</u>	<u>\$ 3,685,465</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, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenues:			
Contributions and grants	\$ 1,998,043	\$ 372,251	\$ 2,370,294
United Way of Central Indiana, Inc.	163,996	50,000	213,996
In-kind contributions	3,575	-0-	3,575
Change in beneficial interest in assets held by others	-0-	121,311	121,311
	<u>2,165,614</u>	<u>543,562</u>	<u>2,709,176</u>
Other Income:			
Interest and investment income, net	433,245	-0-	433,245
Other income	20,173	-0-	20,173
	<u>453,418</u>	<u>-0-</u>	<u>453,418</u>
 Total support and revenues	 2,619,032	 543,562	 3,162,594
Net Assets Released from Restrictions	<u>626,095</u>	<u>(626,095)</u>	<u>-0-</u>
	<u>3,245,127</u>	<u>(82,533)</u>	<u>3,162,594</u>
Expenses:			
Program Services:			
Client services	585,928	-0-	585,928
Client transportation	523,367	-0-	523,367
Client navigation	304,457	-0-	304,457
Camp Little Red Door	225,611	-0-	225,611
Education	199,045	-0-	199,045
Tobacco Prevention Coalition	120,536	-0-	120,536
Screening and detection	84,502	-0-	84,502
Total program services	<u>2,043,446</u>	<u>-0-</u>	<u>2,043,446</u>
Management and general	214,580	-0-	214,580
Fundraising	253,571	-0-	253,571
Total expenses	<u>2,511,597</u>	<u>-0-</u>	<u>2,511,597</u>
 Change in net assets	 733,530	 (82,533)	 650,997
Net Assets, Beginning of Year	<u>2,223,359</u>	<u>811,109</u>	<u>3,034,468</u>
Net Assets, End of Year	<u>\$ 2,956,889</u>	<u>\$ 728,576</u>	<u>\$ 3,685,465</u>

See accompanying Notes to Financial Statements.

LITTLE RED DOOR CANCER AGENCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2020 (WITH COMPARATIVE TOTALS FOR 2019)

	Program Services						Management and General	Fundraising	2020 Total	2019 Total
	Client Services	Client Transportation	Client Navigation	Camp Little Red Door	Education	Tobacco Prevention Coalition				
Labor and benefits:										
Salaries	\$ 278,306	\$ 164,669	\$ 168,598	\$ 64,130	\$ 51,768	\$ 7,799	\$ 110,307	\$ 112,209	\$ 957,786	\$ 1,115,707
Employee benefits and payroll taxes	64,670	35,226	36,067	13,719	11,074	1,668	17,606	24,860	204,890	212,313
Total labor and benefits	342,976	199,895	204,665	77,849	62,842	9,467	127,913	137,069	1,162,676	1,328,020
Other Expenses:										
Training and conferences	3,356	1,828	1,871	712	575	87	913	1,290	10,632	23,681
Travel	4,308	-0-	99	-0-	1,058	-0-	1,520	2,525	9,510	30,292
Client services	98,725	185,497	-0-	2,151	2,758	105,092	-0-	-0-	394,223	537,277
Programming supplies	18,960	-0-	-0-	-0-	-0-	-0-	-0-	-0-	18,960	33,897
Office expense	5,396	2,158	4,317	1,079	1,079	1,079	2,157	4,317	21,582	30,081
Printed materials	4,005	1,602	3,204	801	801	801	1,602	3,204	16,020	20,198
Business insurance	5,384	2,154	4,307	1,077	1,077	1,077	2,153	4,307	21,536	17,622
Professional fees	12,485	6,801	6,963	2,649	2,138	322	3,400	4,799	39,557	85,869
Advertising costs	2,017	1,099	1,125	428	345	52	550	775	6,391	15,703
Events	-0-	-0-	-0-	17,086	-0-	-0-	-0-	21,360	38,446	145,170
Facility costs	23,551	10,898	31,800	-0-	705	-0-	18,532	8,076	93,562	111,591
Information technology	6,057	3,299	3,378	1,285	1,037	156	1,650	2,328	19,190	12,048
Bad debt expense	-0-	-0-	-0-	-0-	-0-	-0-	2,497	-0-	2,497	46,818
Other costs	4,442	1,777	3,554	888	888	888	1,777	3,554	17,768	15,311
Interest expense	5,542	3,019	3,091	1,176	949	143	1,509	2,131	17,560	19,856
Depreciation	12,517	6,818	6,981	2,655	2,143	323	3,408	4,812	39,657	38,163
Total expenses	\$ 549,721	\$ 426,845	\$ 275,355	\$ 109,836	\$ 78,395	\$ 119,487	\$ 169,581	\$ 200,547	\$ 1,929,767	\$ 2,511,597

See accompanying Notes to Financial Statements.

LITTLE RED DOOR CANCER AGENCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2019

	Program Services							Management and General	Fundraising	2019 Total
	Client Services	Client Transportation	Client Navigation	Camp Little Red Door	Education	Tobacco Prevention Coalition	Screening and Detection			
Labor and benefits:										
Salaries	\$ 265,804	\$ 162,282	\$ 198,167	\$ 64,097	\$ 99,604	\$ 63,900	\$ 38,861	\$ 97,937	\$ 125,055	\$ 1,115,707
Employee benefits and payroll taxes	50,581	30,881	37,710	12,197	18,954	12,160	7,395	18,638	23,797	212,313
Total labor and benefits	316,385	193,163	235,877	76,294	118,558	76,060	46,256	116,575	148,852	1,328,020
Other Expenses:										
Training and education	6,352	1,612	1,822	-0-	2,072	1,185	-0-	10,638	-0-	23,681
Travel	4,987	2,465	852	797	8,281	-0-	-0-	2,768	10,142	30,292
Client services	123,768	263,275	3,255	95,103	66	30,141	21,669	-0-	-0-	537,277
Programming supplies	13,788	2,902	2,396	-0-	2,389	12,422	-0-	-0-	-0-	33,897
Office expense	9,927	3,008	6,016	-0-	2,406	-0-	1,504	5,415	1,805	30,081
Printed material	6,665	2,020	4,040	-0-	1,615	-0-	1,010	3,636	1,212	20,198
Business insurance	5,286	1,762	1,762	7,050	881	-0-	881	-0-	-0-	17,622
Professional fees	23,468	10,330	5,291	1,496	9,091	628	8,403	19,490	7,672	85,869
Advertising costs	3,073	1,725	1,201	830	5,020	100	-0-	1,554	2,200	15,703
Events	772	-0-	-0-	38,428	28,832	-0-	-0-	-0-	77,138	145,170
Facility costs	53,493	8,092	31,836	-0-	14,417	-0-	1,602	1,507	644	111,591
Information technology	4,458	1,807	3,012	602	964	-0-	-0-	964	241	12,048
Bad debt expense	-0-	-0-	-0-	-0-	-0-	-0-	-0-	46,818	-0-	46,818
Loss on disposal of assets	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Other costs	3,825	1,785	2,775	772	1,475	-0-	595	2,597	1,487	15,311
Interest expense	-0-	19,856	-0-	-0-	-0-	-0-	-0-	-0-	-0-	19,856
Depreciation	9,681	9,565	4,322	4,239	2,978	-0-	2,582	2,618	2,178	38,163
Total expenses	\$ 585,928	\$ 523,367	\$ 304,457	\$ 225,611	\$ 199,045	\$ 120,536	\$ 84,502	\$ 214,580	\$ 253,571	\$ 2,511,597

See accompanying Notes to Financial Statements.

LITTLE RED DOOR CANCER AGENCY, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 531,797	\$ 650,997
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Allowance for doubtful accounts	(15,000)	(22,000)
Depreciation	39,657	38,163
Net realized and unrealized gain on investments	(309,697)	(414,730)
Change in beneficial interest in assets held by others	(39,659)	(94,772)
Changes in operating assets and liabilities:		
Grants receivable	8,574	(80,508)
Pledges receivable	451,190	(272,496)
Prepaid expenses	(6,462)	(19,447)
Accounts payable	(57,009)	15,499
Accrued expenses	14,921	(46,906)
Net cash provided by (used in) operating activities	<u>618,312</u>	<u>(246,200)</u>
Cash Flows from Investing Activities:		
Purchase of investments	(178,509)	(639,330)
Proceeds received from sale of investments	279,950	744,825
Capital expenditures	(53,682)	(4,019)
Net cash provided by investing activities	<u>47,759</u>	<u>101,476</u>
Cash Flows from Financing Activities:		
Borrowings (repayments) under line of credit, net	<u>(289,514)</u>	<u>108,873</u>
Net increase (decrease) in cash	376,557	(35,851)
Cash, Beginning of Year	<u>63,365</u>	<u>99,216</u>
Cash, End of Year	<u>\$ 439,922</u>	<u>\$ 63,365</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u>\$ 17,560</u>	<u>\$ 19,856</u>

See accompanying Notes to Financial Statements.

LITTLE RED DOOR CANCER AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

1. SIGNIFICANT ACCOUNTING POLICIES

Little Red Door Cancer Agency, Inc. (“LRD”), was founded in 1945 and works to reduce the physical, emotional and financial burdens of cancer for medically underserved Hoosiers by providing free client services, survivor programming and education.

LRD’s primary programs include the following:

Client Services – Provide medical supplies, nutritional supplements, wigs and turbans, breast prosthesis, support groups, and client referrals;

Client Transportation - Facilitate transportation to and from treatment;

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

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

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

Tobacco Prevention Coalition - Tobacco Free, Coalition of Delaware County aims to prevent youth from becoming future users, help current users quit, and limit those exposed to secondhand smoke and aerosol. The coalition also works toward keeping tobacco issues public, educating policy makers, and advocating for policy change that will benefit the community.

LITTLE RED DOOR CANCER AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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

Basis of Presentation

Net assets, support and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. LRD reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions are met in the same reporting period in which the revenue is recognized.

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 grants and pledges receivable, useful lives of property and equipment, and the classification of functional expenses.

Support and Revenue Recognition

Support and revenues are reported as increases in net assets with or without donor restrictions based upon whether the donor has imposed any restrictions. Pledges and contributions are recognized when the donor makes an unconditional promise to give to LRD either in writing or verbally or expenses are incurred for grants under a conditional cost reimbursement basis. Government grants under a cost reimbursement arrangement are considered contributions and not a contract with a customer as there is not a direct reciprocation of benefit to the grantor in exchange for the contributions.

LITTLE RED DOOR CANCER AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

Grants and Pledges Receivable

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.

Details of the 2020 and 2019 allowance for doubtful accounts and bad debt expense are as follows:

	<u>2020</u>	<u>2019</u>
Allowance for doubtful accounts, beginning of the year	\$ 20,000	\$ 42,000
Provisions for bad debts	2,497	46,818
Write-offs	<u>(17,497)</u>	<u>(68,818)</u>
Allowance for doubtful accounts, end of the year	<u>\$ 5,000</u>	<u>\$ 20,000</u>

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 \$731 and \$3,575 for the years ended December 31, 2020 and 2019, 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.

LITTLE RED DOOR CANCER AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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, 2020, 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, 2017.

Subsequent Events

Subsequent events have been evaluated through May 14, 2021, which is the date the financial statements were available for issuance (Note 15).

2. LIQUIDITY AND AVAILABILITY

At December 31, 2020 and 2019, financial assets available for future general expenditures within one year from the Statements of Financial Position comprise the following:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 439,922	\$ 63,365
Grants receivable	115,781	124,355
Pledges receivable	41,938	478,128
Investments	2,691,560	2,483,304
Beneficial interest in assets held by others	670,331	630,672
	<u>3,959,532</u>	<u>3,779,824</u>
Less amounts not available to be used for general expenditures within one year:		
Donor restricted funds	(164,054)	(97,904)
Beneficial interest in assets held by others	(670,331)	(630,672)
	<u>(834,385)</u>	<u>(728,576)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,125,147</u>	<u>\$ 3,051,248</u>

LITTLE RED DOOR CANCER AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

Donor restrictions require resources to be used in a particular manner or in a future period. LRD must maintain sufficient resources to meet those responsibilities to its donors. Financial assets may not be available for general expenditure within one year. LRD is primarily supported by contributions and grants. As part of LRD's liquidity management, it has a practice to structure its financial assets to be available for its general expenditures, liabilities, and other obligations as they come due.

LRD's investment portfolio consists of highly liquid investments.

LRD's liquidity objective is to maintain adequate liquid assets to fund near-term operating needs and maintain sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. In the event of an unanticipated liquidity need, LRD has available borrowings of \$1,000,000 on a line of credit (Note 8).

3. PLEDGES RECEIVABLE

LRD raises funds through individual contributions to fund a host of educational and program expenses. Pledges receivable as of December 31, 2020 and 2019 were \$41,938 and \$478,128, respectively, net of an allowance for doubtful accounts of \$5,000 and \$20,000, respectively, and are due from various donors within one year.

4. GRANTS RECEIVABLE

LRD recognizes all material unconditional promises to give and conditional promises under a cost reimbursement basis as support and revenues. Promises to give that are expected to be collected in future years are recorded at their net present value.

Grants receivables of \$115,781 and \$124,355 at December 31, 2020 and 2019, respectively, represent receivables from grants and costs reimbursement contracts and are due from various grantors within one year.

5. 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.

LITTLE RED DOOR CANCER AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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.

The asset's and liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodology used for LRD's investments measured at fair value as of December 31, 2020 and 2019. There has been no change in methodology used at December 31, 2020.

Fixed Income Funds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings or similar municipalities.

Common Stocks: Valued at the daily closing price as reported by the fund. Common stocks held by the organization are open-ended funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The funds held by the organization are deemed to be actively traded. A money market fund is an open-ended mutual fund that invests in short-term debt securities and commercial paper.

Alternative Investments, Real Estate Investment Trusts and Other: Valued at the NAV of units of the fund. The NAV, as provided by the investment manager, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities.

Beneficial Interest in Assets Held by Others: Valued using the fair value of the assets in the trust, as provided by the trustee, unless there are facts and circumstances that indicate the fair value of the beneficial interest differs from the fair value of the assets held by the trust, in which case the present value of the estimated future cash flows would be used.

LITTLE RED DOOR CANCER AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

Assets measured at fair value on a recurring basis at December 31, 2020 include the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 122,627	\$ -0-	\$ -0-	\$ 122,627
Fixed income funds	439,550	-0-	-0-	439,550
Common stocks:				
Domestic	1,184,568	-0-	-0-	1,184,568
International	699,208	-0-	-0-	699,208
Alternative investments	212,513	-0-	-0-	212,513
Real estate investment trusts	30,855	-0-	-0-	30,855
Other	<u>2,239</u>	<u>-0-</u>	<u>-0-</u>	<u>2,239</u>
Total investments	<u>2,691,560</u>	<u>-0-</u>	<u>-0-</u>	<u>2,691,560</u>
Beneficial interest in assets held by others	<u>-0-</u>	<u>670,331</u>	<u>-0-</u>	<u>670,331</u>
 Total	 <u>\$ 2,691,560</u>	 <u>\$ 670,331</u>	 <u>\$ -0-</u>	 <u>\$ 3,361,891</u>

Assets measured at fair value on a recurring basis at December 31, 2019 include the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 80,249	\$ -0-	\$ -0-	\$ 80,249
Fixed income funds	416,738	-0-	-0-	416,738
Common stocks:				
Domestic	1,118,073	-0-	-0-	1,118,073
International	597,529	-0-	-0-	597,529
Alternative investments	228,125	-0-	-0-	228,125
Real estate investment trusts	42,558	-0-	-0-	42,558
Other	<u>32</u>	<u>-0-</u>	<u>-0-</u>	<u>32</u>
Total investments	<u>2,483,304</u>	<u>-0-</u>	<u>-0-</u>	<u>2,483,304</u>
Beneficial interest in assets held by others	<u>-0-</u>	<u>630,672</u>	<u>-0-</u>	<u>630,672</u>
 Total	 <u>\$ 2,483,304</u>	 <u>\$ 630,672</u>	 <u>\$ -0-</u>	 <u>\$ 3,113,976</u>

LITTLE RED DOOR CANCER AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

Interest and investment income include the following for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 47,478	\$ 48,677
Net realized gain	109,866	49,143
Net unrealized gain	199,831	365,587
Administrative expenses	<u>(28,619)</u>	<u>(30,162)</u>
	<u>\$ 328,556</u>	<u>\$ 433,245</u>

6. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2020 and 2019 include the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 64,175	\$ 64,175
Land improvements	60,828	60,828
Building and improvements	360,167	323,866
Equipment	121,338	103,959
Furniture and fixtures	120,781	120,781
Vehicles	<u>13,836</u>	<u>13,836</u>
	741,125	687,445
Less accumulated depreciation	<u>(417,256)</u>	<u>(377,601)</u>
	<u>\$ 323,869</u>	<u>\$ 309,844</u>

7. 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, 2020 and 2019. 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 Statements of Activities and Changes in Net Assets. Beneficial interest in perpetual trust totaled \$670,331 and \$630,672 as of December 31, 2020 and 2019, respectively. There were draws in the amount of \$28,481 and \$26,539 during the years ended December 31, 2020 and 2019, respectively.

LITTLE RED DOOR CANCER AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

8. LINE OF CREDIT

LRD has \$1,000,000 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 (2.75% at December 31, 2020). Outstanding borrowings as of December 31, 2020 and 2019 were \$-0- and \$289,514, respectively.

9. 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 4.5% of gross salary. LRD contributed \$26,608 and \$24,125 for the years ended December 31, 2020 and 2019, respectively.

10. UNITED WAY

LRD received public support from the United Way as follows:

	<u>2020</u>	<u>2019</u>
Grants:		
Basic Needs Impact Funds	\$ 165,000	\$ 75,000
COVID-19	146,101	-0-
General Fund Allocation	<u>52,123</u>	<u>138,996</u>
	363,224	213,996
Individuals:		
Donor option	<u>58,957</u>	<u>70,847</u>
	<u>\$ 422,181</u>	<u>\$ 284,843</u>

Program expenditures for 2020 and 2019 exceeded public support funds received from the United Way.

At December 31, 2020 and 2019, \$10,000 was accrued for the United Way Capital Improvements Facilities Maintenance Fund, which is included in the United Way Maintenance Reserve liability.

LITTLE RED DOOR CANCER AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

11. FISCAL AGENT

Survivor's Voices

During 2020 and 2019, and through the issuance date of the financial statements herein, LRD is the fiscal agent for Survivor's Voices ("SV"). SV is a nonprofit organization formed to bring together those who have or have had cancer to celebrate their survivorship, strength and hope through vocal music and other expression, while offering encouragement and attention to early detection. LRD is responsible for collecting funds and paying expenses on behalf of SV. As of December 31, 2020 and 2019, cash held on behalf of SV was \$4,345 and \$4,054, respectively, and is included in accrued expenses on the Statements of Financial Position.

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Camp Little Red Door	\$ 164,054	\$ 47,904
Transportation	<u>-0-</u>	<u>50,000</u>
	<u>164,054</u>	<u>97,904</u>
Beneficial interest in assets held by others:		
Held in perpetuity	<u>670,331</u>	<u>630,672</u>
Total net assets with donor restrictions	<u>\$ 834,385</u>	<u>\$ 728,576</u>

Net assets released from restrictions, due to the satisfaction of donor-imposed restrictions, totaled \$186,219 and \$626,095 for the years ended December 31, 2020 and 2019, respectively. The assets were used for program expenses and operations as stipulated by the donors.

LITTLE RED DOOR CANCER AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

13. RELATED PARTY TRANSACTIONS

For the years ended December 31, 2020 and 2019, total contributions of \$165,174 and \$83,068, respectively, were received from members of LRD's Board of Directors and employees.

14. 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 and Pledges Receivable and Support and Revenue

For the year ended December 31, 2020, one (1) donor represented 67% of grants and pledges receivable.

As of and for the year ended December 31, 2019, one (1) donor represented 68% of pledges receivable and 16% of support and revenue.

15. SUBSEQUENT EVENTS

Forgiveness of Paycheck Protection Program

During April 2020, LRD borrowed \$247,300 from a bank under the U.S. Small Business Administration's ("SBA") Paycheck Protection Program ("PPP"). Under the terms of the program, a portion or all of the loan is forgivable if LRD maintains certain criteria. On April 9, 2021, LRD was notified the SBA approved full forgiveness for the principal loan amount of \$247,300. As all conditions were met as of December 31, 2020, the forgiveness has been recognized as of December 31, 2020 as reflected in the accompanying financial statements.

LITTLE RED DOOR CANCER AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

Additional PPP Funding During 2021

Effective February 1, 2021, LRD secured a second note payable for \$248,895 from a bank through SBA's PPP provided by the Coronavirus Aid, Relief, and Economic Security Act and the Economic Aid to Hard Hit Small Businesses, Nonprofits and Venues Act. Consistent with the PPP loan secured during 2020, the additional PPP loan is forgivable if LRD complies with employment and expending criteria required to receive forgiveness.

To the extent the loan principal and accrued interest is not forgiven, the note will be paid through equal monthly installments of principal and interest beginning at the latter of ten months after the end of the coverage period or upon completion of the SBA's review of the forgiveness application and continuing through the note maturity date in February 2026. The loan accrues interest at 1% on any outstanding balance commencing at the note's funding date. The loan may be prepaid in part or in whole at any time without penalty. This transaction is not reflected in the accompanying financial statements.