



FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017



# 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, 2018 and 2017, 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, 2018 and 2017 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.

*Aludy CPA Group*

May 9, 2019

# LITTLE RED DOOR CANCER AGENCY, INC.

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2018 AND 2017

### ASSETS

	<u>2018</u>	<u>2017</u>
<b>Assets:</b>		
Cash	\$ 99,216	\$ 798,499
Grants receivable	43,847	107,230
Pledges receivable, net of allowance for uncollectible accounts of \$42,000 and \$30,000	183,632	214,109
Prepaid expenses	2,347	3,919
Investments	2,174,069	2,486,963
Property and equipment, net	343,988	186,309
Beneficial interest in assets held by others	<u>535,900</u>	<u>612,841</u>
 Total assets	 <u>\$ 3,382,999</u>	 <u>\$ 4,409,870</u>

### LIABILITIES AND NET ASSETS

<b>Liabilities:</b>		
Line of credit	\$ 180,641	\$ 94
Accounts payable	68,445	603,400
Accrued expenses	89,445	86,717
United Way Maintenance Reserve	<u>10,000</u>	<u>6,192</u>
Total liabilities	<u>348,531</u>	<u>696,403</u>
 <b>Net Assets:</b>		
Without donor restrictions	2,223,359	2,262,850
With donor restrictions	<u>811,109</u>	<u>1,450,617</u>
Total net assets	<u>3,034,468</u>	<u>3,713,467</u>
 Total liabilities and net assets	 <u>\$ 3,382,999</u>	 <u>\$ 4,409,870</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, 2018 (WITH COMPARATIVE TOTALS FOR 2017)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2018 Total</u>	<u>2017 Total</u>
<b>Support and Revenues:</b>				
Contributions and grants	\$ 1,227,043	\$ 348,092	\$ 1,575,135	\$ 1,657,964
New Hope Capital Campaign	1,109,501	-0-	1,109,501	588,080
United Way of Central Indiana, Inc.	190,483	-0-	190,483	218,089
In-kind contributions	12,213	-0-	12,213	16,188
Net change in beneficial interest in assets held by others	42,003	(118,944)	(76,941)	57,036
	<u>2,581,243</u>	<u>229,148</u>	<u>2,810,391</u>	<u>2,537,357</u>
<b>Other Income:</b>				
Interest and investment income (loss), net	(189,592)	-0-	(189,592)	347,567
Other income	29,286	-0-	29,286	17,075
	<u>(160,306)</u>	<u>-0-</u>	<u>(160,306)</u>	<u>364,642</u>
Total support and revenues	2,420,937	229,148	2,650,085	2,901,999
<b>Net Assets Released from Donor Restrictions</b>	<u>868,656</u>	<u>(868,656)</u>	<u>-0-</u>	<u>-0-</u>
	<u>3,289,593</u>	<u>(639,508)</u>	<u>2,650,085</u>	<u>2,901,999</u>
<b>Expenses:</b>				
Program Services:				
Screening and detection	573,374	-0-	573,374	460,979
Client services	638,946	-0-	638,946	660,531
Education	527,859	-0-	527,859	416,964
Camp Little Red Door	501,695	-0-	501,695	339,784
Client navigation	541,068	-0-	541,068	271,709
Indiana Cancer Consortium	55,297	-0-	55,297	91,412
Tobacco Prevention Coalition	26,446	-0-	26,446	-0-
Total program services	2,864,685	-0-	2,864,685	2,241,379
Management and general	204,271	-0-	204,271	179,587
Fundraising	260,128	-0-	260,128	293,014
Total expenses	<u>3,329,084</u>	<u>-0-</u>	<u>3,329,084</u>	<u>2,713,980</u>
Change in net assets	(39,491)	(639,508)	(678,999)	188,019
<b>Net Assets, Beginning of Year</b>	<u>2,262,850</u>	<u>1,450,617</u>	<u>3,713,467</u>	<u>3,525,448</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,223,359</u>	<u>\$ 811,109</u>	<u>\$ 3,034,468</u>	<u>\$ 3,713,467</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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenues:</b>			
Contributions and grants	\$ 1,063,707	\$ 594,257	\$ 1,657,964
New Hope Capital Campaign	-0-	588,080	588,080
United Way of Central Indiana, Inc.	218,089	-0-	218,089
In-kind contributions	16,188	-0-	16,188
Net change in beneficial interest in assets held by others	-0-	57,036	57,036
	<u>1,297,984</u>	<u>1,239,373</u>	<u>2,537,357</u>
<b>Other Income:</b>			
Interest and investment income, net	347,567	-0-	347,567
Other income	17,075	-0-	17,075
	<u>364,642</u>	<u>-0-</u>	<u>364,642</u>
Total support and revenues	1,662,626	1,239,373	2,901,999
<b>Net Assets Released from Restrictions</b>	<u>1,154,422</u>	<u>(1,154,422)</u>	<u>-0-</u>
	<u>2,817,048</u>	<u>84,951</u>	<u>2,901,999</u>
<b>Expenses:</b>			
Program Services:			
Screening and detection	460,979	-0-	460,979
Client services	660,531	-0-	660,531
Education	416,964	-0-	416,964
Camp Little Red Door	339,784	-0-	339,784
Client navigation	271,709	-0-	271,709
Indiana Cancer Consortium	91,412	-0-	91,412
Total program services	<u>2,241,379</u>	<u>-0-</u>	<u>2,241,379</u>
Management and general	179,587	-0-	179,587
Fundraising	293,014	-0-	293,014
Total expenses	<u>2,713,980</u>	<u>-0-</u>	<u>2,713,980</u>
Change in net assets	103,068	84,951	188,019
<b>Net Assets, Beginning of Year</b>	<u>2,159,782</u>	<u>1,365,666</u>	<u>3,525,448</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,262,850</u>	<u>\$ 1,450,617</u>	<u>\$ 3,713,467</u>

See accompanying Notes to Financial Statements.

# LITTLE RED DOOR CANCER AGENCY, INC.

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2018 (WITH COMPARATIVE TOTALS FOR 2017)

	Program Services							Management and General	Fundraising	2018 Total	2017 Total
	Screening and Detection	Client Services	Education	Camp Little Red Door	Client Navigation	Indiana Cancer Consortium	Tobacco Prevention Coalition				
<b>Labor and benefits:</b>											
Salaries	\$ 188,600	\$ 181,033	\$ 162,605	\$ 130,828	\$ 92,173	\$ 41,231	\$ -0-	\$ 114,410	\$ 112,959	\$ 1,023,839	\$ 741,932
Employee benefits and payroll taxes	30,964	29,721	28,213	21,478	15,133	6,769	-0-	18,783	18,544	169,605	170,875
Total labor and benefits	219,564	210,754	190,818	152,306	107,306	48,000	-0-	133,193	131,503	1,193,444	912,807
<b>Other Expenses:</b>											
Capital campaign	201,553	201,554	201,553	201,553	201,553	-0-	-0-	-0-	-0-	1,007,766	691,925
Training and conferences	-0-	1,355	32	-0-	-0-	226	-0-	833	1,182	3,628	16,251
Employment costs	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,136
Travel	-0-	3,765	5,416	43	625	603	-0-	5,567	12,046	28,065	17,972
Client services	81,653	69,344	3,299	117,278	172,951	-0-	26,446	-0-	835	471,806	262,668
Programming supplies	-0-	38,835	3,256	19	-0-	42	-0-	-0-	-0-	42,152	30,877
Volunteer appreciation	-0-	985	-0-	-0-	-0-	731	-0-	1,012	395	3,123	263
Office expense	4,372	9,620	7,433	-0-	10,495	339	-0-	9,510	2,186	43,955	43,207
Printed materials	-0-	722	1,763	917	148	2,488	-0-	5,242	11,650	22,930	23,762
Business insurance	2,492	11,890	3,322	-0-	5,815	-0-	-0-	-0-	-0-	23,519	26,284
Professional fees	18,195	25,332	12,975	1,114	6,321	193	-0-	8,928	13,573	86,631	122,427
Advertising costs	-0-	3,948	4,165	-0-	2,200	789	-0-	789	-0-	11,891	17,264
Events	-0-	100	31,266	18,331	-0-	-0-	-0-	-0-	75,730	125,427	269,484
Facility costs	10,000	19,100	50,575	650	20,550	1,646	-0-	1,250	700	104,471	77,121
Information technology	1,318	9,674	1,967	-0-	5,821	240	-0-	822	-0-	19,842	32,797
Bad debt expense	-0-	-0-	-0-	-0-	-0-	-0-	-0-	23,195	-0-	23,195	27,500
Loss on disposal of assets	18,435	17,246	4,163	5,947	3,568	-0-	-0-	5,947	4,163	59,469	-0-
Other costs	4,827	4,464	3,380	-0-	1,593	-0-	-0-	4,446	3,688	22,398	69,618
Depreciation	10,965	10,258	2,476	3,537	2,122	-0-	-0-	3,537	2,477	35,372	70,617
Total expenses	\$ 573,374	\$ 638,946	\$ 527,859	\$ 501,695	\$ 541,068	\$ 55,297	\$ 26,446	\$ 204,271	\$ 260,128	\$ 3,329,084	\$ 2,713,980

See accompanying Notes to Financial Statements.



# LITTLE RED DOOR CANCER AGENCY, INC.

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2017

	Program Services						Management and General	Fundraising	2017 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
Employee benefits and payroll taxes	39,813	29,520	26,700	17,647	14,816	12,855	18,356	11,168	170,875
Total labor and benefits	195,619	170,487	137,990	84,421	66,751	64,790	92,549	100,200	912,807
<b>Other Expenses:</b>									
Capital campaign	138,385	138,385	138,385	138,385	138,385	-0-	-0-	-0-	691,925
Training and education	75	1,723	295	3,160	40	6,502	400	4,056	16,251
Employment costs	-0-	-0-	-0-	-0-	199	-0-	937	-0-	1,136
Travel	99	1,856	3,312	246	-0-	3,708	293	8,458	17,972
Client services	43,314	219,354	-0-	-0-	-0-	-0-	-0-	-0-	262,668
Programming supplies	-0-	12,228	5,757	1,270	5,683	5,244	-0-	695	30,877
Volunteer appreciation	-0-	-0-	38	-0-	-0-	-0-	-0-	225	263
Office expense	4,298	9,456	7,307	-0-	10,316	333	9,348	2,149	43,207
Printed materials	-0-	566	1,628	3,155	-0-	4,767	4,098	9,548	23,762
Business insurance	2,785	13,288	3,713	-0-	6,498	-0-	-0-	-0-	26,284
Professional fees	27,140	34,499	18,455	694	8,685	-0-	13,091	19,863	122,427
Advertising costs	-0-	832	2,795	1,602	-0-	2,258	3,598	6,179	17,264
Events	283	-0-	37,640	99,313	-0-	2,860	5,285	124,103	269,484
Facility costs	7,496	13,993	37,640	476	15,141	950	950	475	77,121
Information technology	4,592	9,511	6,559	-0-	10,823	-0-	656	656	32,797
Bad debt expense	-0-	-0-	-0-	-0-	-0-	-0-	27,500	-0-	27,500
Other costs	15,002	13,874	10,507	-0-	4,951	-0-	13,820	11,464	69,618
Depreciation	21,891	20,479	4,943	7,062	4,237	-0-	7,062	4,943	70,617
Total expenses	\$ 460,979	\$ 660,531	\$ 416,964	\$ 339,784	\$ 271,709	\$ 91,412	\$ 179,587	\$ 293,014	\$ 2,713,980

See accompanying Notes to Financial Statements.

# LITTLE RED DOOR CANCER AGENCY, INC.

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (678,999)	\$ 188,019
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Allowance for doubtful accounts	12,000	27,500
Depreciation	35,372	70,617
Loss on disposal of property and equipment	59,469	-0-
Net realized and unrealized (gain) loss on investments	201,251	(332,324)
Net change in beneficial interest in assets held by others	76,941	(57,036)
Changes in operating assets and liabilities:		
Grants receivable	63,383	(11,024)
Pledges receivable	18,477	8,035
Prepaid expenses	1,572	(165)
Accounts payable	(534,955)	510,660
Accrued expenses	2,728	26,230
United Way Maintenance Reserve	3,808	-0-
Net cash provided by (used in) operating activities	<u>(738,953)</u>	<u>430,512</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of investments	(633,124)	(45,229)
Proceeds received from sale of investments	744,767	357,209
Capital expenditures	<u>(252,520)</u>	<u>-0-</u>
Net cash provided by (used in) investing activities	<u>(140,877)</u>	<u>311,980</u>
<b>Cash Flows from Financing Activities:</b>		
Borrowings (repayments) under line of credit, net	<u>180,547</u>	<u>(261,688)</u>
Net increase (decrease) in cash	(699,283)	480,804
<b>Cash, Beginning of Year</b>	<u>798,499</u>	<u>317,695</u>
<b>Cash, End of Year</b>	<u>\$ 99,216</u>	<u>\$ 798,499</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest	<u>\$ 8,785</u>	<u>\$ 5,625</u>

See accompanying Notes to Financial Statements.

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

### 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. During 2018, LRD expanded into six new counties in east-central Indiana.

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).

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.

LRD served 33,269 clients in 2018. Of the 33,269 in 2018, 2,354 received direct services and 30,915 benefited from outreach and educational services. LRD achieved 115% of their goal in 2018.

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.

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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

### Change in Accounting Principle

During 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14, *Not-For-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-For-Profit Entities*. The update addresses the financial reporting complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment returns for not-for-profit organizations. As required by the update, LRD retrospectively adopted the standard during 2018 and has conformed to the new presentation in the financial statements for all periods presented herein.

### Basis of Presentation

Net assets, support, revenue and expenses are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are net assets not subject to donor-imposed restrictions and are, therefore, available to support the general operations of the Organization. Net assets with donor restrictions are 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.

### 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 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. Revenues are reported as with donor restrictions 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. Donor-imposed restrictions are released from restriction and transferred to net assets without donor restrictions in the reporting period the restriction is satisfied or expires. 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.

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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.

### 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 \$12,213 and \$16,188 for the years ended December 31, 2018 and 2017, 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, 2018, 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, 2015.

### Subsequent Events

Subsequent events have been evaluated through May 9, 2019, which is the date the financial statements were available for issuance.

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

### 2. LIQUIDITY AND AVAILABILITY

At December 31, 2018 and 2017, financial assets available for future general expenditures within one year from the Statements of Financial Position comprise the following:

	<u>2018</u>	<u>2017</u>
Financial assets:		
Cash	\$ 99,216	\$ 798,499
Grants receivable	43,847	107,230
Pledges receivable	183,632	214,109
Investments	2,174,069	2,486,963
Beneficial interest in assets held by others	<u>535,900</u>	<u>612,841</u>
	<u>3,036,664</u>	<u>4,219,642</u>
Less amounts not available to be used for general expenditures within one year:		
Donor restricted funds	(275,209)	(795,773)
Beneficial interest in assets held by others	<u>(535,900)</u>	<u>(612,841)</u>
	<u>(811,109)</u>	<u>(1,408,614)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$2,225,555</u>	<u>\$ 2,811,028</u>

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 maintains adequate liquid assets to fund near-term operating needs and maintains 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).

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

### 3. PLEDGES RECEIVABLE

#### New Hope Capital Campaign

As of December 31, 2018, LRD has raised \$2,047,581 for the New Hope Capital Campaign for the purpose of building renovations. During 2018 and 2017, LRD expended \$1,007,766 and \$691,925, 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, 2018 and 2017 include the following:

	<u>2018</u>	<u>2017</u>
Less than one year	\$ 225,632	\$ 226,658
One to five years	<u>-0-</u>	<u>17,451</u>
	225,632	244,109
Less allowance for uncollectible accounts	<u>42,000</u>	<u>30,000</u>
	<u>\$ 183,632</u>	<u>\$ 214,109</u>

### 4. GRANTS RECEIVABLE

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

Grants receivables of \$43,847 and \$107,230 at December 31, 2018 and 2017, respectively, 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:

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

### **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, 2018 include the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 100,753	\$ -0-	\$ -0-	\$ 100,753
Fixed income funds	425,458	-0-	-0-	425,458
Common stocks:				
Domestic	942,713	-0-	-0-	942,713
International	490,523	-0-	-0-	490,523
Alternative investments	185,726	-0-	-0-	185,726
Real estate investment trusts	27,861	-0-	-0-	27,861
Other	1,035	-0-	-0-	1,035
Total investments	<u>2,174,069</u>	<u>-0-</u>	<u>-0-</u>	<u>2,174,069</u>
Beneficial interest in assets held by others	<u>-0-</u>	<u>535,900</u>	<u>-0-</u>	<u>535,900</u>
 Total	 <u>\$ 2,174,069</u>	 <u>\$ 535,900</u>	 <u>\$ -0-</u>	 <u>\$ 2,709,969</u>



# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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>

Interest and investment income (loss) include the following for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Interest and dividend income	\$ 44,515	\$ 45,229
Net realized gain	106,784	94,514
Net unrealized gain (loss)	(308,035)	237,810
Administrative expenses	(32,856)	(29,986)
	<u>\$ (189,592)</u>	<u>\$ 347,567</u>

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

### 6. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2018 and 2017 include the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 64,175	\$ 64,175
Land improvements	60,828	30,249
Building and improvements	322,561	1,383,763
Warehouse	-0-	122,195
Equipment	101,244	172,300
Furniture and fixtures	120,781	42,537
Vehicles	13,836	13,836
	<u>683,425</u>	<u>1,829,055</u>
Less accumulated depreciation	<u>(339,437)</u>	<u>(1,642,746)</u>
	<u>\$ 343,988</u>	<u>\$ 186,309</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, 2018 and 2017. 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 \$535,900 and \$612,841 as of December 31, 2018 and 2017, respectively.

### 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. Outstanding borrowings as of December 31, 2018 and 2017 were \$180,641 and \$94, respectively.

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

### 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 3% of gross salary and 50% of each participant's contribution for the next 3% of gross salary. LRD contributed \$15,563 and \$19,674 for the years ended December 31, 2018 and 2017, respectively.

### 10. UNITED WAY

LRD received public support from the United Way as follows:

	<u>2018</u>	<u>2017</u>
General fund allocation	\$ 190,483	\$ 218,089
Donor option	<u>61,319</u>	<u>85,305</u>
	<u>\$ 251,802</u>	<u>\$ 303,394</u>

Program expenditures for 2018 and 2017 exceeded public support funds received from the United Way.

At December 31, 2018 and 2017, \$10,000 and \$6,192, respectively, was accrued for the United Way Capital Improvements Facilities Maintenance Fund, which is included in the United Way Maintenance Reserve liability.

### 11. FISCAL AGENT – INDIANA CANCER CONSORTIUM

LRD was 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 was responsible for accounting, payroll administration, and other administrative services on behalf of ICC.

Under Grant Agreements between Indiana State Department of Health and LRD for the period of June 30, 2016 through June 29, 2018, LRD had eligible cost reimbursement expense for ICC of \$19,750 and \$108,328, respectively, for the years ended December 31, 2018 and 2017, of which \$-0- and \$39,681 was outstanding and included in grants receivable in the statements of financial position.

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

### 12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Subject to expenditure for specified purpose:		
Transportation	\$ 169,151	\$ 329,483
Camp Little Red Door	106,058	199,798
New Hope Capital Campaign	-0-	198,922
Time Restriction	-0-	45,835
Rev. Charles Williams Memorial	-0-	21,735
	<u>275,209</u>	<u>795,773</u>
Beneficial interest in assets held by others:		
Held in perpetuity	<u>535,900</u>	<u>654,844</u>
Total net assets with donor restrictions	<u>\$ 811,109</u>	<u>\$ 1,450,617</u>

Net assets released from restrictions, due to the satisfaction of donor-imposed restrictions, totaled \$868,656 and \$1,154,422 for the years ended December 31, 2018 and 2017, respectively. The assets were used for program expenses and operations as stipulated by the donors.

### 13. RELATED PARTY TRANSACTIONS

For the years ended December 31, 2018 and 2017, total contributions of \$219,129 and \$347,010, 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, 2018 AND 2017

### 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 Receivable and Support and Revenue

As of and for the year ended December 31, 2018, one (1) donor represented 100% of grants receivable and one (1) separate donor represented 45% of support and revenue.

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