



**LITTLE RED DOOR CANCER AGENCY, INC.**

FINANCIAL STATEMENTS

For the Years Ended  
December 31, 2013 and 2012



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Little Red Door Cancer Agency, Inc.:

We have audited the accompanying financial statements of Little Red Door Cancer Agency, Inc. (an Indiana non-profit organization) which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, cash flows and functional expenses 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 audit. We conducted our audit 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, 2013 and 2012, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Sikich, LLP*

Sikich LLP

Indianapolis, Indiana  
April 11, 2014

**LITTLE RED DOOR CANCER AGENCY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>CURRENT ASSETS:</b>		
Cash	\$ 180,324	\$ 250,283
Pledges receivable, net allowance for uncollectible accounts; 2013 -\$10,000 and 2012 - \$10,000	77,244	65,734
Grants receivable	128,134	122,191
Prepaid expenses	<u>986</u>	<u>2,815</u>
 Total Current Assets	 <u>386,688</u>	 <u>441,023</u>
 <b>INVESTMENTS</b>	 <u>2,693,438</u>	 <u>2,361,168</u>
 <b>FIXED ASSETS:</b>		
Land	64,175	64,175
Land improvements	30,249	30,249
Building	1,244,460	1,244,460
Building improvements	135,561	91,908
Warehouse	122,195	122,195
Equipment	133,307	129,063
Furniture and fixtures	42,537	39,323
Vehicles	<u>13,836</u>	<u>13,836</u>
	1,786,320	1,735,209
Less: accumulated depreciation	<u>(1,371,578)</u>	<u>(1,303,742)</u>
 Fixed Assets, net	 <u>414,742</u>	 <u>431,467</u>
 <b>OTHER ASSETS:</b>		
Pledges receivable - long term, net	42,996	62,855
Beneficial interest in trust assets held by others	<u>626,311</u>	<u>548,927</u>
 Total Other Assets	 <u>669,307</u>	 <u>611,782</u>
	 <u>\$ 4,164,175</u>	 <u>\$ 3,845,440</u>

See accompanying notes to the financial statements.

**LITTLE RED DOOR CANCER AGENCY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
(Continued)  
**DECEMBER 31, 2013 AND 2012**

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**LIABILITIES AND NET ASSETS**

	<u>2013</u>	<u>2012</u>
<b>CURRENT LIABILITIES:</b>		
Line of credit	\$ -	\$ 20
Accounts payable	170,720	138,825
Accrued expenses	86,057	34,319
United Way Maintenance Reserve	<u>6,192</u>	<u>6,217</u>
Total Current Liabilities	<u>262,969</u>	<u>179,381</u>
<b>NET ASSETS:</b>		
Unrestricted	2,746,837	2,784,214
Temporarily restricted	486,055	290,915
Permanently restricted	<u>668,314</u>	<u>590,930</u>
Total Net Assets	<u>3,901,206</u>	<u>3,666,059</u>
	<u>\$ 4,164,175</u>	<u>\$ 3,845,440</u>

See accompanying notes to the financial statements.

**LITTLE RED DOOR CANCER AGENCY, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>				
Contributions and grants	\$ 468,533	\$ 928,232	\$ -	\$ 1,396,765
United Way of Central Indiana, Inc.	365,421	-	-	365,421
Investment income	462,700	-	-	462,700
Net change in beneficial interest in trust assets held by others	-	-	77,384	77,384
Other income	27,840	-	-	27,840
In-kind contributions	74,964	-	-	74,964
Net assets released from restrictions by satisfaction of temporary restrictions	<u>733,092</u>	<u>(733,092)</u>	-	-
Total Support and Revenue	<u>2,132,550</u>	<u>195,140</u>	<u>77,384</u>	<u>2,405,074</u>
<b>PROGRAM AND SERVICE EXPENSES:</b>				
Client services	405,863	-	-	405,863
Education	281,334	-	-	281,334
Screening and detection	677,877	-	-	677,877
Client navigation	106,595	-	-	106,595
Camp Little Red Door	74,381	-	-	74,381
Other programs and events	<u>119,710</u>	-	-	<u>119,710</u>
Total Program and Service Expenses	<u>1,665,760</u>	-	-	<u>1,665,760</u>
<b>SUPPORTING SERVICES:</b>				
Management	273,966	-	-	273,966
Fund raising	<u>230,201</u>	-	-	<u>230,201</u>
Total Supporting Services	<u>504,167</u>	-	-	<u>504,167</u>
Total Program and Supporting Service Expense	<u>2,169,927</u>	-	-	<u>2,169,927</u>
Change in Net Assets	(37,377)	195,140	77,384	235,147
<b>NET ASSETS, beginning of year</b>	<u>2,784,214</u>	<u>290,915</u>	<u>590,930</u>	<u>3,666,059</u>
<b>NET ASSETS, end of year</b>	<u>\$ 2,746,837</u>	<u>\$ 486,055</u>	<u>\$ 668,314</u>	<u>\$ 3,901,206</u>

See accompanying notes to the financial statements.

**LITTLE RED DOOR CANCER AGENCY, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>				
Contributions and grants	\$ 608,151	\$ 653,219	\$ -	\$ 1,261,370
Legacies and bequests	714,481	-	-	714,481
United Way of Central Indiana, Inc.	294,459	-	-	294,459
Investment income	220,196	-	1,140	221,336
Net change in beneficial interest in trust assets held by others	-	-	40,687	40,687
Other Income	23,660	-	-	23,660
In-kind contributions	96,466	-	-	96,466
Net assets released from restrictions by satisfaction of temporary restrictions	<u>731,806</u>	<u>(731,806)</u>	<u>-</u>	<u>-</u>
 Total Support and Revenue	 <u>2,689,219</u>	 <u>(78,587)</u>	 <u>41,827</u>	 <u>2,652,459</u>
<b>PROGRAM AND SERVICE EXPENSES:</b>				
Client services	379,933	-	-	379,933
Education	264,575	-	-	264,575
Screening and detection	676,235	-	-	676,235
Client navigation	97,461	-	-	97,461
Camp Little Red Door	68,413	-	-	68,413
Other programs and events	<u>113,753</u>	<u>-</u>	<u>-</u>	<u>113,753</u>
 Total Program and Service Expenses	 <u>1,600,370</u>	 <u>-</u>	 <u>-</u>	 <u>1,600,370</u>
<b>SUPPORTING SERVICES:</b>				
Management	212,148	-	-	212,148
Fund raising	<u>261,961</u>	<u>-</u>	<u>-</u>	<u>261,961</u>
 Total Supporting Services	 <u>474,109</u>	 <u>-</u>	 <u>-</u>	 <u>474,109</u>
 Total Program and Supporting Service Expense	 <u>2,074,479</u>	 <u>-</u>	 <u>-</u>	 <u>2,074,479</u>
 Change in Net Assets	 614,740	 (78,587)	 41,827	 577,980
<b>NET ASSETS, beginning of year</b>				
As previously reported	2,283,558	255,418	549,103	3,088,079
 Restatement of net assets for implied time restriction	 <u>(114,084)</u>	 <u>114,084</u>	 <u>-</u>	 <u>-</u>
<b>NET ASSETS, beginning of year</b>				
As restated	<u>2,169,474</u>	<u>369,502</u>	<u>549,103</u>	<u>3,088,079</u>
 <b>NET ASSETS, end of year</b>	 <u>\$ 2,784,214</u>	 <u>\$ 290,915</u>	 <u>\$ 590,930</u>	 <u>\$ 3,666,059</u>

See accompanying notes to the financial statements.



**LITTLE RED DOOR CANCER AGENCY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 235,147	\$ 577,980
Adjustments to reconcile change in net assets to net cash provided (used) by operations:		
Depreciation	67,836	68,294
Realized and unrealized (gain) loss on investments	(411,830)	(177,909)
Net change in beneficial interest in assets held by others	(77,384)	(40,686)
(Increase) decrease in:		
Bequest and accounts receivable	-	572,099
Pledges receivable	(11,510)	(7,081)
Pledges receivable - long term, net	19,859	(7,424)
Grants receivable	(5,943)	28,775
Prepaid expenses	1,829	(398)
Increase (decrease) in:		
Accounts payable	31,895	13,241
Accrued expenses	51,738	7,698
United Way Maintenance Reserve	<u>(25)</u>	<u>(2,711)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(98,388)</u>	<u>1,031,878</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(1,153,799)	(1,126,527)
Proceeds from sale of investments	1,233,359	398,230
Capital expenditures	(51,111)	(16,498)
Proceeds from sale of assets in progress	<u>-</u>	<u>12,810</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>28,449</u>	<u>(731,985)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net borrowings under the line of credit agreement	275,000	243,616
Net repayments under the line of credit agreement	<u>(275,020)</u>	<u>(331,032)</u>
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<u>(20)</u>	<u>(87,416)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(69,959)	212,477
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>250,283</u>	<u>37,806</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 180,324</u>	<u>\$ 250,283</u>

See accompanying notes to the financial statements.

**LITTLE RED DOOR CANCER AGENCY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2013**

	Program Services						Support			Total Expenses
	Client Services	Education	Screening & Detection	Client Navigation	Other Programs	Total	Management	Fund Raising	Total	
Salaries	136,845	96,055	200,835	29,645	54,610	\$ 517,990	66,637	93,107	\$ 159,744	\$ 677,734
Employee benefits	39,258	29,111	65,864	8,845	14,909	157,987	20,143	23,655	43,798	201,785
<b>Total Salaries and Related Expenses</b>	<b>176,103</b>	<b>125,166</b>	<b>266,699</b>	<b>38,490</b>	<b>69,519</b>	<b>675,977</b>	<b>86,780</b>	<b>116,762</b>	<b>203,542</b>	<b>879,519</b>
Professional fees	8,072	5,884	9,740	6,737	6,667	37,100	18,088	7,629	25,717	62,817
Supplies	2,886	690	4,510	1,664	1,357	11,107	10,487	3,391	13,878	24,985
Facilities repair and maintenance	3,327	1,302	3,833	1,809	1,012	11,283	4,979	1,809	6,788	18,071
Occupancy and utilities	4,372	874	5,246	1,749	1,749	13,990	6,974	1,749	8,723	22,713
Postage and shipping	1,642	239	2,722	778	733	6,114	1,607	3,764	5,371	11,485
Printing and publications	438	10,331	112	252	947	12,080	11,181	9,584	20,765	32,845
Travel and transportation	676	1,936	149	36	53	2,850	1,474	822	2,296	5,146
Conferences, conventions, and meetings	-	2,530	76	2,572	-	5,178	4,137	3,256	7,393	12,571
Specific assistance	180,526	6,372	352,299	40,308	96,377	675,882	26	37,217	37,243	713,125
Other operating expenses	8,440	124,690	9,857	11,060	7,943	161,990	118,558	38,266	156,824	318,814
<b>Total Expenses Before Depreciation</b>	<b>386,482</b>	<b>280,014</b>	<b>655,243</b>	<b>105,455</b>	<b>186,357</b>	<b>1,613,551</b>	<b>264,291</b>	<b>224,249</b>	<b>488,540</b>	<b>2,102,091</b>
Depreciation	19,381	1,320	22,634	1,140	7,734	52,209	9,675	5,952	15,627	67,836
<b>Total Expenses</b>	<b>\$ 405,863</b>	<b>\$ 281,334</b>	<b>\$ 677,877</b>	<b>\$ 106,595</b>	<b>\$ 194,091</b>	<b>\$ 1,665,760</b>	<b>\$ 273,966</b>	<b>\$ 230,201</b>	<b>\$ 504,167</b>	<b>\$ 2,169,927</b>

See accompanying notes to the financial statements.

**LITTLE RED DOOR CANCER AGENCY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
(Continued)  
**YEAR ENDED DECEMBER 31, 2012**

	Program Services						Support			Total Expenses
	Client Services	Education	Screening & Detection	Client Navigation	Other Programs	Total	Management	Fund Raising	Total	
Salaries	136,051	105,786	196,404	25,485	50,181	\$ 513,907	36,133	72,478	\$ 108,611	\$ 622,518
Employee benefits	25,062	5,238	62,289	8,442	15,268	116,299	25,352	19,957	45,309	161,608
Total Salaries and Related Expenses	161,113	111,024	258,693	33,927	65,449	630,206	61,485	92,435	153,920	784,126
Professional fees	7,114	7,548	8,702	6,304	5,934	35,602	16,170	6,872	23,042	58,644
Supplies	2,111	388	3,105	2,900	760	9,264	6,675	1,593	8,268	17,532
Facilities repair and maintenance	3,377	1,301	3,896	1,535	1,038	11,147	4,737	1,820	6,557	17,704
Occupancy and utilities	6,769	1,354	8,123	2,993	2,708	21,947	9,919	2,708	12,627	34,574
Postage and shipping	1,580	486	2,975	934	757	6,732	1,392	6,016	7,408	14,140
Printing and publications	508	5,272	1,027	351	3,138	10,296	5,339	41,317	46,656	56,952
Travel and transportation	281	1,161	402	115	12	1,971	1,950	364	2,314	4,285
Conferences, conventions, and meetings	-	1,771	498	232	-	2,501	3,340	28,001	31,341	33,842
Specific assistance	167,540	8,994	351,527	34,420	87,970	650,451	95	15,548	15,643	666,094
Other operating expenses	10,028	123,947	14,500	12,602	6,614	167,691	91,306	59,295	150,601	318,292
Total Expenses Before Depreciation	360,421	263,246	653,448	96,313	174,380	1,547,808	202,408	255,969	458,377	2,006,185
Depreciation	19,512	1,329	22,787	1,148	7,786	52,562	9,740	5,992	15,732	68,294
Total Expenses	<u>\$ 379,933</u>	<u>\$ 264,575</u>	<u>\$ 676,235</u>	<u>\$ 97,461</u>	<u>\$ 182,166</u>	<u>\$ 1,600,370</u>	<u>\$ 212,148</u>	<u>\$ 261,961</u>	<u>\$ 474,109</u>	<u>\$ 2,074,479</u>

See accompanying notes to the financial statements.

**LITTLE RED DOOR CANCER AGENCY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business** - Little Red Door Cancer Agency, Inc. (the "Agency"), formerly known as the Marion County Cancer Society, Inc., was founded in 1945 to facilitate support services, screening, detection and education to the medically indigent, underserved, and uninsured population of greater Indianapolis. The mission of the Agency is to reduce the physical, emotional and financial burdens of cancer. The Agency has a 23 member Board of Directors, 13 member staff, and a large number of volunteers who support these goals.

The Agency served 18,659 and 17,289 clients in 2013 and 2012, respectively. Of the 18,659 served in 2013, 4,451 received direct services and 14,208 benefited from outreach and educational services. Of the 17,289 served in 2012, 4,269 received direct services and 13,020 benefited from outreach and educational services. The Agency achieved 93% and 128% of their goal in 2013 and 2012, respectively

**Basis of Accounting** - The financial statements of the Agency have been prepared on the accrual basis of accounting. Revenue is recognized when earned and expenses when the obligation is incurred.

**Basis of Presentation** - As required by Financial Statement Presentation Disclosure Topic of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC), the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Agency is required to present a statement of cash flows.

**Net Assets** - The financial statements report amounts separately by class of net assets:

**Unrestricted net assets** - Unrestricted amounts are those currently available for use in the Agency's activities.

**Temporarily restricted net assets** - Temporarily restricted expendable amounts are those which are restricted by donors for specific purposes. As of December 31, 2013, the Agency had temporary restrictions on a portion of its net assets.

**Permanently restricted net assets** - Permanently restricted amounts are those, which are subject to donor-imposed stipulations that require that they be maintained permanently by the Agency. Generally, the donors of these assets permit the use of all or part of the income earned on the related investments for general or specific purposes. The Agency has permanently restricted net assets as of December 31, 2013.

**Cash and Cash Equivalents** - For purposes of the statement of cash flows, the Agency considers all investments purchased with a maturity date of three months or less to be cash equivalents, except for cash held in long-term investment brokerage accounts awaiting reinvestment.

In the normal course of business, the Agency may maintain cash held at financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) limits, but it is management's intention to maintain a cash balance under the FDIC limit.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Contributions** - Contributions are recognized when the donor makes a promise to give to the Agency that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Restrictions on gifts of fixed assets or cash for the purchase of fixed assets expire when the asset is placed in service.

**Bequests, Accounts, and Grants Receivable** - Accounts receivable represent the uncollected portion of bequests and contributions which the Agency was notified they would receive. Grants receivable represent the uncollected portion of funds from grants awarded to the Agency.

Management has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require the allowance method to be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

**Pledges Receivable** - Pledges and bequests receivable represent promises to give which have been made by donors but have not yet been received by the Agency. Pledges and bequests which will not be received in the subsequent year are discounted using an estimated rate of return, which could be earned if such contributions have been made in the current year. Pledges and bequests receivable are considered impaired if full payments are not received in accordance with the contractual terms.

Pledges receivable are reported net of an allowance for doubtful accounts. The allowance of \$10,000 and \$10,000 as of December 31, 2013 and 2012, respectively, is based on management's estimate of the amount of receivables that will actually be collected. Pledges receivable are charged to bad debt expense as they are deemed uncollectible based upon a periodic review of the accounts.

**Beneficial Interest in Trusts** - The Agency is named income beneficiary on various perpetual trusts, the corpus of which are not controlled by the management of the Agency. Beneficial interests in a trust 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, 2013 and 2012. Under these arrangements, the Agency 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 as a component of realized and unrealized gains and losses on investments. Beneficial interest in perpetual trusts totaled \$626,311 and \$548,927 as of December 31, 2013 and 2012, respectively.

**Investments** - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values based on quoted prices in active markets in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Fixed Assets** - Land, building and equipment are recorded at cost or, if contributed, at the estimated fair value at the date of the gift. The Agency capitalizes additions of fixed assets in excess of \$1,000 cost or fair value, if contributed. Depreciation of property and equipment is computed using the straight-line method and based upon the estimated useful lives of the assets ranging from 5 to 50 years. Expenditures for fixed assets and for renewals or improvements which extend the originally estimated economic life of the assets are capitalized. Expenditures for maintenance and repairs are charged to expense when incurred. When an asset is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities.

Depreciation expense was \$67,836 and \$68,294 for the years ended December 31, 2013 and 2012, respectively.

**Impairment of Long-Lived Assets** - The Agency evaluates long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified. Management has determined that no impairment existed for the year ended December 31, 2013 and 2012.

**Contributed Materials and Services** - Contributed services are recognized as contributions in accordance with Contributions Disclosure Topic, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Agency. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to fixed assets.

Non-cash, in-kind contributions are recorded at fair market value and recognized as revenue in the accounting period when they are received. The Agency had \$74,964 and \$96,466 recorded as in-kind contribution revenue in the statement of activities at December 31, 2013 and 2012, respectively.

Volunteers provide program and fund-raising services throughout the year that are not recognized as contributions in the financial statements since they do not meet the recognition criteria under Contributions Disclosure Topic of FASB ASC. These services include volunteering at events, picking up donations, and various clerical services.

**Functional Allocation of Expenses** - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Some expenses relate directly to specific programs or supportive services while others do not. Expenses that relate to more than one program or supporting service are allocated among the applicable functions.

Costs are allocated to the programs, supporting services and fundraising costs. Management periodically evaluates its allocation method and revises it when necessary. General and supporting expenses include those expenses that are indirectly identifiable with other specific functions, but provide for the overall support and direction of the Agency.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Estimates** - Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could vary from the estimates that were used.

**Concentration of Credit Risk** - Financial instruments that potentially subject the Agency to concentrations of credit risk consist principally of temporary cash investments and accounts and grants receivable.

The Agency places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. There were no amounts in excess of FDIC insured limits of \$250,000 at December 31, 2013 and 2012.

Concentrations of credit risk with respect to accounts receivable are limited due to the small number of receivables with minimal balances and grants receivable due to the Agency's ability to accomplish the terms of the grants. Credit losses, if any, have been provided in the financial statements and have been within management's expectations.

**Income Taxes** - The Agency is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the Agency's financial statements.

The Agency has adopted the provisions of Uncertain Tax Positions Disclosure Topics of FASB ASC, which prescribes a recognition threshold of more-likely-than-not to be sustained upon examination. Measurement of the tax uncertainty occurs if the recognition threshold has not been met. This guidance also addresses de-recognition, classification, interest and penalties, disclosure, and transition. In the normal course of business, the Association is subject to examination by taxing authorities. The Association's tax returns for years subsequent to fiscal 2009 are open, by statute, for review by authorities. However, at present, there are no ongoing income tax audits or unresolved disputes with the various tax authorities that the Association currently files or has filed with.

**Reclassifications** - Certain amounts in the prior-year financial statements have been reclassified in order to be comparable with the current year presentation.

## NOTE 2 - DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

**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.

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

**NOTE 2 - DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES (Continued)**

**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.

**NOTE 3 - "FACES OF HOPE" CAMPAIGN**

In 2008, the Agency embarked on a campaign to raise funds through individual contributions which would fund a host of educational and program expenses. Pledges to be received in more than one year are required to be discounted to reflect fair value.

Pledges due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of and for the years ending December 31, 2013 and 2012, respectively.

	<u>2013</u>	<u>2012</u>
Pledge receivables consist of the following:		
Less than one year	\$ 87,244	\$ 75,734
One to five years	43,522	66,763
Less: unamortized discount	<u>(526)</u>	<u>(3,908)</u>
	130,240	138,589
Less: allowance for doubtful accounts	<u>(10,000)</u>	<u>(10,000)</u>
Net unconditional promises to give	<u>\$ 120,240</u>	<u>\$ 128,589</u>

**NOTE 4 - FAIR VALUE MEASUREMENTS**

Fair Value Measurement Disclosure Topic of FASB ASC establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

**Level 1** - Inputs are quoted market prices in active markets for identical assets or liabilities. Assets in this category generally include stock investments held by the underlying mutual funds.

**Level 2** - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices 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. Assets in this category generally include bond investments held by the underlying mutual funds.



**NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)**

**Level 3** - Unobservable inputs that are supported by little or no market activity that are significant to the fair value of the assets or liabilities.

The following table presents the fair value measurements of assets and liabilities measured at fair value on a recurring basis and the level within the fair value hierarchy as of December 31, 2013 and 2012:

	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>December 31, 2013</u>				
Cash and cash equivalents	\$ 186,453	\$ 186,453	\$ -	\$ -
Fixed income funds	424,029	424,029	-	-
Common stocks:				
Domestic	1,653,379	1,653,379	-	-
International	403,922	403,922	-	-
Real estate investment trusts	25,655	25,655	-	-
Total investments	<u>2,693,438</u>	<u>2,693,438</u>	<u>-</u>	<u>-</u>
Beneficial interest in trusts	<u>626,311</u>	<u>-</u>	<u>626,311</u>	<u>-</u>
Total	<u>\$ 3,319,749</u>	<u>\$ 2,693,438</u>	<u>\$ 626,311</u>	<u>\$ -</u>
	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
<u>December 31, 2012</u>				
Cash and cash equivalents	\$ 768,348	\$ 768,348	\$ -	\$ -
Fixed income funds	347,699	347,699	-	-
Common stocks:				
Domestic	981,173	981,173	-	-
International	245,004	245,004	-	-
Real estate investment trusts	18,944	18,944	-	-
Total investments	<u>2,361,168</u>	<u>2,361,168</u>	<u>-</u>	<u>-</u>
Beneficial interest in trusts	<u>548,927</u>	<u>-</u>	<u>548,927</u>	<u>-</u>
Total	<u>\$ 2,910,095</u>	<u>\$ 2,361,168</u>	<u>\$ 548,927</u>	<u>\$ -</u>

**NOTE 5 - INVESTMENTS**

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 50,870	\$ 43,427
Realized gain (loss)	80,861	35,650
Unrealized gain (loss)	<u>330,969</u>	<u>142,259</u>
Total investment income	<u>\$ 462,700</u>	<u>\$ 221,336</u>

Investment management fees totaled \$30,631 and \$21,860 for 2013 and 2012, respectively.

**NOTE 6 - LINE OF CREDIT**

In June 2009, the Agency opened a Line of Credit with a financial institution. The line of credit is secured by the Agency's investment portfolios and requires a loan to value maintenance of 30% of total account value with the ability to borrow up to the lower of 50% of the account value or \$300,000. Draws on the line of credit bear interest at 0.50% below the prime rate. The outstanding balances as of December 31, 2013 and 2012 were \$0 and \$20, respectively.

**NOTE 7 - OPERATING LEASE**

The Agency leases office equipment under operating leases with monthly payments of \$629 maturing October 2014. During the years ended December 31, 2013 and 2012, \$13,068 and \$8,665 were expensed, respectively.

The future minimum rental payments required under the operating leases for the years subsequent to December 31, 2013 are as follows:

<u>Year</u>	<u>Amount</u>
2014	<u>\$ 6,290</u>
	<u>\$ 6,290</u>

**NOTE 8 - RETIREMENT PLAN**

The Agency sponsors a Section 401(k) salary reduction plan that covers all full-time employees who are at least 21 years old and have completed one year of service. Employees may contribute the maximum amount allowed. The Agency 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. The Agency contributed to \$14,060 and \$12,290 for the years ended December 31, 2013 and 2012, respectively.

**NOTE 9 - UNITED WAY**

The Agency received public support from the United Way for use in the following programs:

	<u>2013</u>	<u>2012</u>
United Way allocation:		
Operational funding	\$ 217,504	\$ 215,201
United Way donor option	<u>147,917</u>	<u>79,258</u>
	<u>\$ 365,421</u>	<u>\$ 294,459</u>

Program expenditures for 2013 and 2012 exceeded public support funds received from the United Way.

At December 31, 2013 and 2012, \$6,192 and \$6,217 respectively, were accrued for the United Way Capital Improvements Facilities Maintenance Fund, which is included in the United Way Maintenance Reserve liability.

**NOTE 10 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at December 31, 2013 and 2012 are available for the following purposes:

	<u>2013</u>	<u>2012</u>
Komen Mammography Assistance	\$ 58,572	\$ 27,365
Camp Little Red Door	120,084	103,881
Rev. Charles Williams Memorial	22,021	30,889
Transporation	150,138	-
Senior Services	15,000	-
Time Restriction	120,240	128,589
Other Grants	<u>-</u>	<u>191</u>
	<u>\$ 486,055</u>	<u>\$ 290,915</u>

**NOTE 10 - TEMPORARILY RESTRICTED NET ASSETS (Continued)**

During 2013 and 2012, temporarily restricted assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2013</u>	<u>2012</u>
Komen Mammography Assistance	\$ 428,284	\$ 460,902
Camp Little Red Door	164,592	148,620
Rev. Charles Williams Memorial	8,868	32,656
Transportation	27,362	-
Expiration of time restriction	98,795	83,520
Other Grants	<u>5,191</u>	<u>6,108</u>
Net assets released from restrictions by satisfaction of program restrictions	<u>\$ 733,092</u>	<u>\$ 731,806</u>

**NOTE 11 - PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets consist of perpetual trusts and funds required by the donors to be invested into perpetuity. The income from such investments is unrestricted and the income from the investments has been used to facilitate cancer research and services performed only in Marion County, Indiana as stipulated by the donors. The amounts in the perpetual trusts are recorded as Beneficial Interest in Trust Assets Held by Others and the donor funds invested into perpetuity are recorded in Investments in the statement of financial position. For years ending December 31, 2013 and 2012, this amount represented \$42,003 of Investments.

**NOTE 12 - PRIOR PERIOD ADJUSTMENT**

According to the FASB, receipts of unconditional promises to give with payments due in future periods shall be reported as restricted support unless explicit donor stipulations or circumstances surrounding the receipt of a promise make clear that the donor intended it to be used to support activities of the current period. The Agency has recorded the schedule of unconditional promises to give and recorded a prior period balance of \$114,084 that should be reclassified to temporarily restricted net assets from unrestricted net assets.

**NOTE 13 - SUBSEQUENT EVENTS**

In preparing these financial statements, the Agency has evaluated subsequent events and transactions for potential recognition or disclosure through April 11, 2014, the date the financial statements were available to be issued.