



FINANCIAL STATEMENTS

DECEMBER 31, 2014



# 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 statement of financial position as of December 31, 2014, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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, 2014 and the changes in net assets, functional expenses, and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Aludy CPA Group*

April 24, 2015

# LITTLE RED DOOR CANCER AGENCY, INC.

## STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2014

### ASSETS

#### **Assets:**

Cash and cash equivalents	\$ 56,698
Grants receivable	88,057
Pledges receivable, net of allowance for uncollectible accounts of \$10,000	64,720
Prepaid expenses	8,250
Investments	2,699,158
Property and equipment, net	353,654
Beneficial interest in assets held by others	<u>603,546</u>
Total assets	<u>\$ 3,874,083</u>

### LIABILITIES AND NET ASSETS

#### **Liabilities:**

Accounts payable	\$ 95,055
Accrued expenses	25,052
United Way Maintenance Reserve	<u>6,192</u>
Total liabilities	<u>126,299</u>

#### **Net Assets:**

Unrestricted net assets	2,634,550
Temporarily restricted net assets	467,685
Permanently restricted net assets	<u>645,549</u>
Total net assets	<u>3,747,784</u>
Total liabilities and net assets	<u>\$ 3,874,083</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, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Support and Revenues:</b>				
Contributions and grants	\$ 649,015	\$ 822,613	\$ -0-	\$ 1,471,628
United Way of Central Indiana, Inc.	208,773	-0-	-0-	208,773
In-kind contributions	62,578	-0-	-0-	62,578
Net change in beneficial interest in assets held by others	-0-	-0-	(22,765)	(22,765)
	<u>920,366</u>	<u>822,613</u>	<u>(22,765)</u>	<u>1,720,214</u>
<b>Other Income:</b>				
Interest and investment income, net	161,881	-0-	-0-	161,881
Other income	16,153	-0-	-0-	16,153
	<u>178,034</u>	<u>-0-</u>	<u>-0-</u>	<u>178,034</u>
Total support and revenues	1,098,400	822,613	(22,765)	1,898,248
<b>Temporarily Restricted Net Assets Released from Restrictions</b>				
	<u>840,983</u>	<u>(840,983)</u>	<u>-0-</u>	<u>-0-</u>
	<u>1,939,383</u>	<u>(18,370)</u>	<u>(22,765)</u>	<u>1,898,248</u>
<b>Expenses:</b>				
Program Services:				
Screening and detection	580,628	-0-	-0-	580,628
Client services	448,938	-0-	-0-	448,938
Education	259,681	-0-	-0-	259,681
Camp Little Red Door	116,426	-0-	-0-	116,426
Client navigation	53,285	-0-	-0-	53,285
Other programs and events	141,311	-0-	-0-	141,311
Total program services	1,600,269	-0-	-0-	1,600,269
Management and general	188,360	-0-	-0-	188,360
Fundraising	263,041	-0-	-0-	263,041
Total expenses	<u>2,051,670</u>	<u>-0-</u>	<u>-0-</u>	<u>2,051,670</u>
Change in net assets	(112,287)	(18,370)	(22,765)	(153,422)
<b>Net Assets, Beginning of Year</b>	<u>2,746,837</u>	<u>486,055</u>	<u>668,314</u>	<u>3,901,206</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,634,550</u>	<u>\$ 467,685</u>	<u>\$ 645,549</u>	<u>\$ 3,747,784</u>

See accompanying Notes to Financial Statements.

# LITTLE RED DOOR CANCER AGENCY, INC.

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2014

	Program Services						Management and General	Fundraising	Total
	Screening and Detection	Client Services	Education	Camp Little Red Door	Client Navaigation	Other Programs			
<b>Labor and benefits:</b>									
Salaries	\$ 210,881	\$ 85,341	\$ 105,206	\$ 41,748	\$ 26,047	\$ 70,528	\$ 69,183	\$ 97,956	\$ 706,890
Employee benefits and payroll taxes	<u>67,200</u>	<u>38,273</u>	<u>29,418</u>	<u>-0-</u>	<u>8,913</u>	<u>19,654</u>	<u>22,624</u>	<u>28,184</u>	<u>214,266</u>
Total labor and benefits	278,081	123,614	134,624	41,748	34,960	90,182	91,807	126,140	921,156
<b>Other Expenses:</b>									
Specific assistance	221,225	251,598	57,863	73,856	4,684	26,265	258	49,195	684,944
Utilities	24,118	20,058	9,632	-0-	4,563	6,665	19,702	10,531	95,269
Depreciation	22,149	20,194	977	-0-	-0-	7,817	8,794	5,211	65,142
Professional fees	9,407	8,569	18,603	-0-	1,764	2,567	8,206	6,785	55,901
Supplies	8,986	10,037	7,374	-0-	3,114	2,567	9,188	4,112	45,378
Printing and publications	185	435	19,349	354	-0-	705	16,087	6,794	43,909
Occupancy	6,907	5,987	2,590	-0-	1,295	1,885	2,263	2,734	23,661
Facilities repair and maintenance	4,362	3,626	2,196	-0-	818	1,190	2,538	1,726	16,456
Travel and transportation	238	622	3,058	402	561	112	6,094	3,189	14,276
Postage and shipping	2,757	2,298	1,095	66	517	752	933	5,215	13,633
Conferences, conventions, and meetings	-0-	-0-	681	-0-	414	-0-	1,446	5,000	7,541
Interest expense	-0-	-0-	-0-	-0-	-0-	-0-	5,869	-0-	5,869
Loss on disposal of asset	-0-	-0-	-0-	-0-	-0-	-0-	401	-0-	401
Other expenses	<u>2,213</u>	<u>1,900</u>	<u>1,639</u>	<u>-0-</u>	<u>595</u>	<u>604</u>	<u>14,774</u>	<u>36,409</u>	<u>58,134</u>
Total expenses	<u>\$ 580,628</u>	<u>\$ 448,938</u>	<u>\$ 259,681</u>	<u>\$ 116,426</u>	<u>\$ 53,285</u>	<u>\$ 141,311</u>	<u>\$ 188,360</u>	<u>\$ 263,041</u>	<u>\$ 2,051,670</u>

See accompanying Notes to Financial Statements.

# LITTLE RED DOOR CANCER AGENCY, INC.

## STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2014

<b>Cash Flows from Operating Activities:</b>	
Decrease in net assets	\$ (153,422)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation	65,143
Loss on sale of asset	401
Net realized and unrealized gain on investments	(140,705)
Net change in beneficial interest in assets held by others	22,765
Changes in operating assets and liabilities:	
Grants receivable	40,077
Pledges receivable	55,520
Prepaid expenses	(7,264)
Accounts payable	(75,665)
Accrued expenses	(61,005)
Net cash used in operating activities	<u>(254,155)</u>
<b>Cash Flows from Investing Activities:</b>	
Purchase of investments	(61,897)
Proceeds received from sale of investments	196,882
Capital expenditures	(5,456)
Proceeds received from sale of assets	1,000
Net cash provided by investing activities	<u>130,529</u>
Net decrease in cash	(123,626)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>180,324</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 56,698</u>
<b>Supplemental Disclosure of Cash Flow Information</b>	
Cash paid for interest	<u>\$ 5,869</u>

See accompanying Notes to Financial Statements.



# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

### 1. SIGNIFICANT ACCOUNTING POLICIES

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

LRD's primary programs include the following:

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

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

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

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

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

LRD served 21,924 clients in 2014. Of the 21,924, 4,629 received direct services and 17,295 benefited from outreach and educational services. LRD achieved 104% of their goal in 2014.

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

#### Basis of Presentation

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

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

### 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.

### Cash and Cash Equivalents

Cash and cash equivalents represent amounts held in checking and savings accounts. All liquid investments with original maturity dates of three months or less are classified as cash equivalents, except for cash held in long-term investment brokerage accounts awaiting reinvestments.

### Revenue Recognition and Accounts, Grants and Pledges Receivable

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

Grants receivable represent the uncollected portion of funds from grants awarded to LRD. Pledges receivable represent promises to give which have been made by donors but have not yet been received by LRD.

### 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.

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

### Donated Services and Supplies

Companies and volunteers donated significant supplies for program activities at an estimated fair value of \$62,578 for the year ended December 31, 2014, 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, 2014, 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, 2011.

### Subsequent Events

Subsequent events have been evaluated through April 24, 2015, which is the date the financial statements were available for issuance.

## 2. "FACES OF HOPE" CAMPAIGN

In 2008, LRD embarked on a campaign to raise funds through individual contributions which would fund a host of educational and program expenses.

Pledges receivable at December 31, 2014 include the following:

Less than one year	\$ 67,695
One to five years	<u>7,025</u>
	74,720
Less allowance for doubtful accounts	<u>10,000</u>
	<u>\$ 64,720</u>

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

### 3. GRANTS RECEIVABLE

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

Grants receivables of \$88,057 at December 31, 2014 are due from various grantors within one year.

### 4. FAIR VALUE MEASUREMENTS AND INVESTMENTS

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

#### ***Level 1***

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

#### ***Level 2***

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

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

### **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, 2014 include the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 140,002	\$ -0-	\$ -0-	\$ 140,002
Fixed income funds	439,586	-0-	-0-	439,586
Common stocks:				
Domestic	1,704,347	-0-	-0-	1,704,347
International	373,696	-0-	-0-	373,696
Real estate investment trusts	31,141	-0-	-0-	31,141
Other	<u>10,386</u>	<u>-0-</u>	<u>-0-</u>	<u>10,386</u>
Total investments	<u>2,699,158</u>	<u>-0-</u>	<u>-0-</u>	<u>2,699,158</u>
Beneficial interest in assets held by others	<u>-0-</u>	<u>603,546</u>	<u>-0-</u>	<u>603,546</u>
 Total	 <u>\$ 2,699,158</u>	 <u>\$ 603,546</u>	 <u>\$ -0-</u>	 <u>\$ 3,302,704</u>

Interest and investment income include the following for the year ended December 31, 2014:

Interest and dividend income	\$ 58,103
Net realized gain	187,281
Net unrealized loss	(46,576)
Administrative expenses	<u>(36,927)</u>
	<u>\$ 161,881</u>

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

### 5. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2014 include the following:

Land	\$ 64,175
Land improvements	30,249
Building and improvements	1,380,021
Warehouse	122,195
Equipment	137,234
Furniture and fixtures	42,537
Vehicles	<u>13,836</u>
	1,790,247
Less accumulated depreciation	<u>(1,436,593)</u>
	<u>\$ 353,654</u>

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

LRD is the beneficiary of various perpetual trusts, the corpus of which are not controlled by the management of LRD. Beneficial interests in assets held by others are measured using the fair value of the assets held in the trust, which are readily available based on quoted market prices, reported by the trustee as of December 31, 2014. Under these arrangements, LRD has the irrevocable right to receive income earned on all or a portion of the underlying assets held in perpetuity. Accordingly, contribution revenue and the related assets are recognized at fair value. Subsequent changes in the underlying assets have been recorded in the accompanying statement of activities as a component of realized and unrealized gains on investments. Beneficial interest in perpetual trust totaled \$603,546 as of December 31, 2014.

### 7. LINE OF CREDIT

LRD has \$300,000 of available borrowing under a line of credit with a financial institution. Available borrowings are limited to the lesser of \$300,000 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 institutions prime rate. There were no outstanding borrowings as of December 31, 2014.

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

### 8. RETIREMENT PLAN

LRD sponsors a 401(k) salary reduction plan. The plan covers all employees of LRD who meet the age and hour requirement. An employee's contribution may not exceed the maximum amount allowed as determined by the Internal Revenue Code. LRD matches 100% of each participant's contribution up to 3% of gross salary and 50% of each participant's contribution for the next 3% of gross salary. LRD contributed \$16,248 for the year ended December 31, 2014.

### 9. UNITED WAY

LRD received public support from the United Way:

General fund allocation	\$ 208,773
Donor option	<u>124,396</u>
	<u>\$ 333,169</u>

Program expenditures for 2014 exceeded public support funds received from the United Way.

At December 31, 2014, \$6,192 was accrued for the United Way Capital Improvements Facilities Maintenance Fund, which is included in the United Way Maintenance Reserve liability.

### 10. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2014:

Transportation	\$ 176,706
Camp Little Red Door	122,736
Senior Services	40,000
Komen Mammography Assistance	31,729
Rev. Charles Williams Memorial	21,735
Time restriction	64,194
Other grants	<u>10,585</u>
Total temporarily restricted net assets	<u>\$ 467,685</u>

Net assets released from restrictions, due to the satisfaction of donor-imposed restrictions, totaled \$840,983 for the year ended December 31, 2014. 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, 2014

### 11. CONCENTRATION OF CREDIT RISK

#### Cash and Cash Equivalents

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

#### Grants Receivable and Support and Revenue

As of and for the year ended December 31, 2014, two (2) donors represented 89% of grants receivable and 25% of support and revenues.