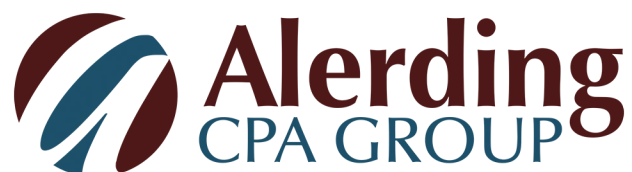




FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018



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, 2019 and 2018, 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, 2019 and 2018 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.

Alending CPA Group

May 29, 2020

LITTLE RED DOOR CANCER AGENCY, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Assets:		
Cash	\$ 63,365	\$ 99,216
Grants receivable	124,355	43,847
Pledges receivable, net of allowance for uncollectible accounts of \$20,000 and \$42,000	478,128	183,632
Prepaid expenses	21,794	2,347
Investments	2,483,304	2,174,069
Property and equipment, net	309,844	343,988
Beneficial interest in assets held by others	<u>630,672</u>	<u>535,900</u>
Total assets	<u>\$ 4,111,462</u>	<u>\$ 3,382,999</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Line of credit	\$ 289,514	\$ 180,641
Accounts payable	83,944	68,445
Accrued expenses	42,539	89,445
United Way Maintenance Reserve	<u>10,000</u>	<u>10,000</u>
Total liabilities	<u>425,997</u>	<u>348,531</u>
Net Assets:		
Without donor restrictions	2,956,889	2,223,359
With donor restrictions	<u>728,576</u>	<u>811,109</u>
Total net assets	<u>3,685,465</u>	<u>3,034,468</u>
Total liabilities and net assets	<u>\$ 4,111,462</u>	<u>\$ 3,382,999</u>

See accompanying Notes to Financial Statements.

LITTLE RED DOOR CANCER AGENCY, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED DECEMBER 31, 2019 (WITH COMPARATIVE TOTALS FOR 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
Support and Revenues:				
Contributions and grants	\$ 1,998,043	\$ 372,251	\$ 2,370,294	\$ 1,575,135
New Hope Capital Campaign	-0-	-0-	-0-	1,109,501
United Way of Central Indiana, Inc.	163,996	50,000	213,996	190,483
In-kind contributions	3,575	-0-	3,575	12,213
Change in beneficial interest in assets held by others	-0-	121,311	121,311	(36,802)
	<u>2,165,614</u>	<u>543,562</u>	<u>2,709,176</u>	<u>2,850,530</u>
Other Income:				
Interest and investment income (loss), net	433,245	-0-	433,245	(229,731)
Other income	20,173	-0-	20,173	29,286
	<u>453,418</u>	<u>-0-</u>	<u>453,418</u>	<u>(200,445)</u>
Total support and revenues	2,619,032	543,562	3,162,594	2,650,085
Net Assets Released from Donor Restrictions	<u>626,095</u>	<u>(626,095)</u>	<u>-0-</u>	<u>-0-</u>
	<u>3,245,127</u>	<u>(82,533)</u>	<u>3,162,594</u>	<u>2,650,085</u>
Expenses:				
Program Services:				
Client services	585,928	-0-	585,928	432,459
Client transportation	523,367	-0-	523,367	412,949
Client navigation	304,457	-0-	304,457	334,606
Camp Little Red Door	225,611	-0-	225,611	501,695
Education	199,045	-0-	199,045	527,859
Tobacco Prevention Coalition	120,536	-0-	120,536	26,446
Screening and detection	84,502	-0-	84,502	573,374
Indiana Cancer Consortium	-0-	-0-	-0-	55,297
Total program services	2,043,446	-0-	2,043,446	2,864,685
Management and general	214,580	-0-	214,580	204,271
Fundraising	253,571	-0-	253,571	260,128
Total expenses	<u>2,511,597</u>	<u>-0-</u>	<u>2,511,597</u>	<u>3,329,084</u>
Change in net assets	733,530	(82,533)	650,997	(678,999)
Net Assets, Beginning of Year	<u>2,223,359</u>	<u>811,109</u>	<u>3,034,468</u>	<u>3,713,467</u>
Net Assets, End of Year	<u>\$ 2,956,889</u>	<u>\$ 728,576</u>	<u>\$ 3,685,465</u>	<u>\$ 3,034,468</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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenues:			
Contributions and grants	\$ 1,227,043	\$ 348,092	\$ 1,575,135
New Hope Capital Campaign	1,109,501	-0-	1,109,501
United Way of Central Indiana, Inc.	190,483	-0-	190,483
In-kind contributions	12,213	-0-	12,213
Change in beneficial interest in assets held by others	-0-	(36,802)	(36,802)
	<u>2,539,240</u>	<u>311,290</u>	<u>2,850,530</u>
Other Income:			
Interest and investment income, net	(229,731)	-0-	(229,731)
Other income	29,286	-0-	29,286
	<u>(200,445)</u>	<u>-0-</u>	<u>(200,445)</u>
Total support and revenues	2,338,795	311,290	2,650,085
Net Assets Released from Restrictions	<u>950,798</u>	<u>(950,798)</u>	<u>-0-</u>
	<u>3,289,593</u>	<u>(639,508)</u>	<u>2,650,085</u>
Expenses:			
Program Services:			
Client services	432,459	-0-	432,459
Client transportation	412,949	-0-	412,949
Client navigation	334,606	-0-	334,606
Camp Little Red Door	501,695	-0-	501,695
Education	527,859	-0-	527,859
Tobacco Prevention Coalition	26,446	-0-	26,446
Screening and detection	573,374	-0-	573,374
Indiana Cancer Consortium	55,297	-0-	55,297
Total program services	2,864,685	-0-	2,864,685
Management and general	204,271	-0-	204,271
Fundraising	260,128	-0-	260,128
Total expenses	<u>3,329,084</u>	<u>-0-</u>	<u>3,329,084</u>
Change in net assets	(39,491)	(639,508)	(678,999)
Net Assets, Beginning of Year	<u>2,262,850</u>	<u>1,450,617</u>	<u>3,713,467</u>
Net Assets, End of Year	<u>\$ 2,223,359</u>	<u>\$ 811,109</u>	<u>\$ 3,034,468</u>

See accompanying Notes to Financial Statements.

LITTLE RED DOOR CANCER AGENCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2019 (WITH COMPARATIVE TOTALS FOR 2018)

	Program Services								2019 Total	2018 Total	
	Client Services	Client Transportation	Client Navigation	Camp Little Red Door	Education	Tobacco Prevention Coalition	Screening and Detection	Management and General			Fundraising
Labor and benefits:											
Salaries	\$ 265,804	\$ 162,282	\$ 198,167	\$ 64,097	\$ 99,604	\$ 63,900	\$ 38,861	\$ 97,937	\$ 125,055	\$ 1,115,707	\$ 1,023,839
Employee benefits and payroll taxes	50,581	30,881	37,710	12,197	18,954	12,160	7,395	18,638	23,797	212,313	169,605
Total labor and benefits	316,385	193,163	235,877	76,294	118,558	76,060	46,256	116,575	148,852	1,328,020	1,193,444
Other Expenses:											
Capital campaign	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,007,766
Training and conferences	6,352	1,612	1,822	-0-	2,072	1,185	-0-	10,638	-0-	23,681	3,628
Travel	4,987	2,465	852	797	8,281	-0-	-0-	2,768	10,142	30,292	28,065
Client services	123,768	263,275	3,255	95,103	66	30,141	21,669	-0-	-0-	537,277	471,806
Programming supplies	13,788	2,902	2,396	-0-	2,389	12,422	-0-	-0-	-0-	33,897	42,152
Volunteer appreciation	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	3,123
Office expense	9,927	3,008	6,016	-0-	2,406	-0-	1,504	5,415	1,805	30,081	43,955
Printed materials	6,665	2,020	4,040	-0-	1,615	-0-	1,010	3,636	1,212	20,198	22,930
Business insurance	5,286	1,762	1,762	7,050	881	-0-	881	-0-	-0-	17,622	23,519
Professional fees	23,468	10,330	5,291	1,496	9,091	628	8,403	19,490	7,672	85,869	86,631
Advertising costs	3,073	1,725	1,201	830	5,020	100	-0-	1,554	2,200	15,703	11,891
Events	772	-0-	-0-	38,428	28,832	-0-	-0-	-0-	77,138	145,170	125,427
Facility costs	53,493	8,092	31,836	-0-	14,417	-0-	1,602	1,507	644	111,591	104,471
Information technology	4,458	1,807	3,012	602	964	-0-	-0-	964	241	12,048	19,842
Bad debt expense	-0-	-0-	-0-	-0-	-0-	-0-	-0-	46,818	-0-	46,818	23,195
Loss on disposal of assets	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	59,469
Other costs	3,825	1,785	2,775	772	1,475	-0-	595	2,597	1,487	15,311	22,398
Interest expense	-0-	19,856	-0-	-0-	-0-	-0-	-0-	-0-	-0-	19,856	-0-
Depreciation	9,681	9,565	4,322	4,239	2,978	-0-	2,582	2,618	2,178	38,163	35,372
Total expenses	\$ 585,928	\$ 523,367	\$ 304,457	\$ 225,611	\$ 199,045	\$ 120,536	\$ 84,502	\$ 214,580	\$ 253,571	\$ 2,511,597	\$ 3,329,084

See accompanying Notes to Financial Statements.

LITTLE RED DOOR CANCER AGENCY, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2018

	Program Services									2018	
	Client Services	Client Transportation	Client Navigation	Camp Little Red Door	Education	Tobacco Prevention Coalition	Screening and Detection	Indiana Cancer Consortium	Management and General	Fundraising	Total
Labor and benefits:											
Salaries	\$ 111,793	\$ 108,387	\$ 53,026	\$ 130,828	\$ 162,605	\$ -0-	\$ 188,600	\$ 41,231	\$ 114,410	\$ 112,959	\$ 1,023,839
Employee benefits and payroll taxes	19,444	13,280	12,130	21,478	28,213	-0-	30,964	6,769	18,783	18,544	169,605
Total labor and benefits	131,237	121,667	65,156	152,306	190,818	-0-	219,564	48,000	133,193	131,503	1,193,444
Other Expenses:											
Capital campaign	100,777	100,777	201,553	201,553	201,553	-0-	201,553	-0-	-0-	-0-	1,007,766
Training and education	1,073	282	-0-	-0-	32	-0-	-0-	226	833	1,182	3,628
Travel	2,853	912	625	43	5,416	-0-	-0-	603	5,567	12,046	28,065
Client services	67,101	164,977	10,217	117,278	3,299	26,446	81,653	-0-	-0-	835	471,806
Programming supplies	38,835	-0-	-0-	19	3,256	-0-	-0-	42	-0-	-0-	42,152
Volunteer appreciation	985	-0-	-0-	-0-	-0-	-0-	-0-	731	1,012	395	3,123
Office expense	5,195	4,425	10,495	-0-	7,433	-0-	4,372	339	9,510	2,186	43,955
Printed material	634	88	148	917	1,763	-0-	-0-	2,488	5,242	11,650	22,930
Business insurance	11,890	-0-	5,815	-0-	3,322	-0-	2,492	-0-	-0-	-0-	23,519
Professional fees	17,579	7,779	6,295	1,114	12,975	-0-	18,195	193	8,928	13,573	86,631
Advertising costs	2,255	1,693	2,200	-0-	4,165	-0-	-0-	789	789	-0-	11,891
Events	100	-0-	-0-	18,331	31,266	-0-	-0-	-0-	-0-	75,730	125,427
Facility costs	10,303	8,797	20,550	650	50,575	-0-	10,000	1,646	1,250	700	104,471
Information technology	9,674	1,552	4,269	-0-	1,967	-0-	1,318	240	822	-0-	19,842
Bad debt expense	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	23,195	-0-	23,195
Loss on disposal of assets	17,246	-0-	3,568	5,947	4,163	-0-	18,435	-0-	5,947	4,163	59,469
Other costs	4,464	-0-	1,593	-0-	3,380	-0-	4,827	-0-	4,446	3,688	22,398
Depreciation	10,258	-0-	2,122	3,537	2,476	-0-	10,965	-0-	3,537	2,477	35,372
Total expenses	<u>\$ 432,459</u>	<u>\$ 412,949</u>	<u>\$ 334,606</u>	<u>\$ 501,695</u>	<u>\$ 527,859</u>	<u>\$ 26,446</u>	<u>\$ 573,374</u>	<u>\$ 55,297</u>	<u>\$ 204,271</u>	<u>\$ 260,128</u>	<u>\$ 3,329,084</u>

See accompanying Notes to Financial Statements.

LITTLE RED DOOR CANCER AGENCY, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 650,997	\$ (678,999)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Allowance for doubtful accounts	(22,000)	12,000
Depreciation	38,163	35,372
Loss on disposal of property and equipment	-0-	59,469
Net realized and unrealized (gain) loss on investments	(414,730)	241,390
Change in beneficial interest in assets held by others	(94,772)	76,941
Changes in operating assets and liabilities:		
Grants receivable	(80,508)	63,383
Pledges receivable	(272,496)	18,477
Prepaid expenses	(19,447)	1,572
Accounts payable	15,499	(534,955)
Accrued expenses	(46,906)	2,728
United Way Maintenance Reserve	-0-	3,808
Net cash used in operating activities	<u>(246,200)</u>	<u>(698,814)</u>
Cash Flows from Investing Activities:		
Purchase of investments	(639,330)	(633,124)
Proceeds received from sale of investments	744,825	704,628
Capital expenditures	<u>(4,019)</u>	<u>(252,520)</u>
Net cash provided by (used in) investing activities	<u>101,476</u>	<u>(181,016)</u>
Cash Flows from Financing Activities:		
Borrowings under line of credit, net	<u>108,873</u>	<u>180,547</u>
Net decrease in cash	(35,851)	(699,283)
Cash, Beginning of Year	<u>99,216</u>	<u>798,499</u>
Cash, End of Year	<u>\$ 63,365</u>	<u>\$ 99,216</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u>\$ 19,856</u>	<u>\$ 8,785</u>

See accompanying Notes to Financial Statements.

LITTLE RED DOOR CANCER AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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 and east-central Indiana.

LRD’s primary programs include the following:

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

Client Transportation - Facilitate transportation to and from treatment;

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

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

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

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

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

LRD served 35,113 clients in 2019. Of the 35,113 in 2019, 2,886 received direct services and 32,227 benefited from outreach and educational services.

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.

LITTLE RED DOOR CANCER AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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

Basis of Presentation

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

Net Assets Without Donor Restrictions

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

Net Assets With Donor Restrictions

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates

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

Support and Revenue Recognition

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

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, 2019 AND 2018

Grants and Pledges Receivable

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

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

Details of the 2019 and 2018 allowance for doubtful account and bad debt expense are as follows:

	<u>2019</u>	<u>2018</u>
Allowance for doubtful accounts, beginning of the year	\$ 42,000	\$ 30,000
Provisions for bad debts	46,818	23,195
Write-offs	<u>(68,818)</u>	<u>(11,195)</u>
Allowance for doubtful accounts, end of the year	<u>\$ 20,000</u>	<u>\$ 42,000</u>

Property and Equipment and Depreciation

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

Donated Services and Supplies

Companies and volunteers donated significant supplies for program activities at an estimated fair value of \$3,575 and \$12,213 for the years ended December 31, 2019 and 2018, respectively, as reflected in the accompanying financial statements as in-kind contributions. Additionally, volunteers donate a significant amount of time to LRD's programs at an undetermined fair value. These services are not reflected in the financial statements in accordance with U.S. GAAP.

Functional Expenses

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

LITTLE RED DOOR CANCER AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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, 2019, 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, 2016.

Reclassification

Certain amounts on the 2018 financial statements have been reclassified to conform to the current year presentation.

Subsequent Events

Subsequent events have been evaluated through May 29, 2020, which is the date the financial statements were available for issuance (Note 15).

LITTLE RED DOOR CANCER AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

2. LIQUIDITY AND AVAILABILITY

At December 31, 2019 and 2018, financial assets available for future general expenditures within one year from the Statements of Financial Position comprise the following:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash	\$ 63,365	\$ 99,216
Grants receivable	124,355	43,847
Pledges receivable	478,128	183,632
Investments	2,483,304	2,174,069
Beneficial interest in assets held by others	<u>630,672</u>	<u>535,900</u>
	<u>3,779,824</u>	<u>3,036,664</u>
Less amounts not available to be used for general expenditures within one year:		
Donor restricted funds	(97,904)	(275,209)
Beneficial interest in assets held by others	<u>(630,672)</u>	<u>(535,900)</u>
	<u>(728,576)</u>	<u>(811,109)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,051,248</u>	<u>\$ 2,225,555</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, 2019 AND 2018

3. PLEDGES RECEIVABLE

LRD raises funds through individual contributions to fund a host of educational and program expenses.

Pledges receivable at December 31, 2019 and 2018 include the following:

	<u>2019</u>	<u>2018</u>
Less than one year	\$ 498,128	\$ 225,632
Less allowance for uncollectible accounts	<u>20,000</u>	<u>42,000</u>
	<u>\$ 478,128</u>	<u>\$ 183,632</u>

New Hope Capital Campaign

Through December 31, 2018, LRD raised \$2,047,581 for the New Hope Capital Campaign for the purpose of building renovations. All amounts raised were expended as of December 31, 2018 after 2018 expenses of \$1,007,766.

4. GRANTS RECEIVABLE

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

Grants receivables of \$124,355 and \$43,847 at December 31, 2019 and 2018, respectively, represent receivables from grants and costs reimbursement contracts and are due from various grantors within one year.

5. FAIR VALUE MEASUREMENTS AND INVESTMENTS

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

Level 1

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

LITTLE RED DOOR CANCER AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Level 2

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

Level 3

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

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

The following is a description of the valuation methodology used for the Organization's investments measure at fair value as of December 31, 2019 and 2018. There has been no change in methodology used at December 31, 2019 and 2018.

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

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

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

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

LITTLE RED DOOR CANCER AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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

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

Assets measured at fair value on a recurring basis 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.

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Interest and investment income (loss) include the following for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest and dividend income	\$ 48,677	\$ 44,515
Net realized gain	49,143	106,784
Net unrealized gain (loss)	365,587	(348,174)
Administrative expenses	<u>(30,162)</u>	<u>(32,856)</u>
	<u>\$ 433,245</u>	<u>\$ (229,731)</u>

6. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2019 and 2018 include the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 64,175	\$ 64,175
Land improvements	60,828	60,828
Building and improvements	323,866	322,561
Equipment	103,959	101,244
Furniture and fixtures	120,781	120,781
Vehicles	<u>13,836</u>	<u>13,836</u>
	687,445	683,425
Less accumulated depreciation	<u>(377,601)</u>	<u>(339,437)</u>
	<u>\$ 309,844</u>	<u>\$ 343,988</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, 2019 and 2018. 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 \$630,672 and \$535,900 as of December 31, 2019 and 2018, respectively. There were draws in the amount of \$26,539 and \$40,139 during the years ended December 31, 2019 and 2018, respectively.

LITTLE RED DOOR CANCER AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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 (4.0% at December 31, 2019). Outstanding borrowings as of December 31, 2019 and 2018 were \$289,514 and \$180,641, respectively.

9. RETIREMENT PLAN

LRD sponsors a 401(k) salary reduction plan. The plan covers all employees of LRD who meet the age and hour requirement. An employee's contribution may not exceed the maximum amount allowed as determined by the Internal Revenue Code. LRD matches 100% of each participant's contribution up to 3% of gross salary and 50% of each participant's contribution for the next 3% of gross salary. LRD contributed \$24,125 and \$15,563 for the years ended December 31, 2019 and 2018, respectively.

10. UNITED WAY

LRD received public support from the United Way as follows:

	<u>2019</u>	<u>2018</u>
General fund allocation	\$ 138,996	\$ 190,483
Basic Needs impact funds	75,000	-0-
Donor option	70,847	61,319
	<u>\$ 284,843</u>	<u>\$ 251,802</u>

Program expenditures for 2019 and 2018 exceeded public support funds received from the United Way.

At December 31, 2019 and 2018, \$10,000 was accrued for the United Way Capital Improvements Facilities Maintenance Fund, which is included in the United Way Maintenance Reserve liability.

LITTLE RED DOOR CANCER AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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 expenses for ICC of \$19,750 during the year ended December 31, 2018.

Survivor’s Voices

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

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Camp Little Red Door	\$ 47,904	\$ 106,058
Transportation	<u>50,000</u>	<u>169,151</u>
	<u>97,904</u>	<u>275,209</u>
Beneficial interest in assets held by others:		
Held in perpetuity	<u>630,672</u>	<u>535,900</u>
Total net assets with donor restrictions	<u>\$ 728,576</u>	<u>\$ 811,109</u>

Net assets released from restrictions, due to the satisfaction of donor-imposed restrictions, totaled \$626,095 and \$950,798 for the years ended December 31, 2019 and 2018, respectively. The assets were used for program expenses and operations as stipulated by the donors.

LITTLE RED DOOR CANCER AGENCY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

13. RELATED PARTY TRANSACTIONS

For the years ended December 31, 2019 and 2018, total contributions of \$83,068 and \$219,129, respectively, were received from members of LRD's Board of Directors and employees.

14. CONCENTRATION OF CREDIT RISK

Cash

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

Grants and Pledges Receivable and Support and Revenue

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

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.

15. SUBSEQUENT EVENT

COVID-19

On March 11, 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The effects of COVID-19 will likely adversely impact local, national and global economies. The extent to which COVID-19 impacts LRD's operations is dependent on the breadth and duration of the pandemic and could be affected by other factors Management is not currently able to predict. Potential impacts could include, but are not limited to, reduced contributions and grants, shortages of personnel and decreases in the value of the LRD's investments. As of the issuance of this report, the most recent investment statements indicated a decrease in investments of approximately 18% since December 31, 2019.

Paycheck Protection Program

Effective April 14, 2020, the Organization borrowed \$247,300 from a bank under the U.S. Small Business Administration's Paycheck Protection Program ("PPP"). Under the terms of the program, a portion of the loan may be forgiven based on LRD's number of employees and actual expenditures during the eight-week period following the funding of the loan. To the extent the loan amount is not forgiven under the PPP, LRD must make equal monthly payments of principal and interest beginning six months from the date of the note through the maturity date, which is two years from the date of the note. This note may be prepaid in part or in whole at any time without penalty. This transaction is not reflected in the accompanying financial statements.