

**CANCER SUPPORT COMMUNITY NORTH TEXAS**

**Financial Statements**

**As of and For the Years Ended  
December 31, 2013 and 2012**

**(With Independent Auditor's Report)**

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Cancer Support Community North Texas

We have audited the accompanying financial statements of Cancer Support Community North Texas (the "Organization"), which comprise the statements of financial position as of December 31, 2013 and 2012 and the related statements of activities, 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 from 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 the Organization as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

*Hartman Leito & Bolt, LLP*

August 22, 2014  
Fort Worth, Texas

**CANCER SUPPORT COMMUNITY NORTH TEXAS**  
**Statements of Financial Position**  
**December 31, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 1,453,797	\$ 26,199
Accounts receivable	75,000	-
Pledges receivable (net of allowance for doubtful pledges and present value discount of \$4,604 for 2013 and \$8,138 for 2012)	10,096	21,249
Pledged rent receivable (net of present value discount of \$0 for 2013 and \$20,595 for 2012, respectively)	80,973	129,783
Other assets	11,091	4,289
Restricted cash	-	50,000
Land, building and equipment, net	2,984	1,580,545
Total assets	\$ 1,633,941	\$ 1,812,065
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Accounts payable	\$ 270	\$ 35,307
Accrued expenses	10,501	16,345
Line of credit	-	413,859
Total liabilities	10,771	465,511
Commitments and contingencies	-	-
Net assets:		
Unrestricted	1,519,697	1,209,271
Temporarily restricted	103,473	137,283
Total net assets	1,623,170	1,346,554
Total liabilities and net assets	\$ 1,633,941	\$ 1,812,065

The accompanying notes are an integral part of these financial statements.

**CANCER SUPPORT COMMUNITY NORTH TEXAS**  
**Statements of Activities**  
For the Years Ended December 31, 2013 and 2012

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT:</b>						
Contributions and grants	\$ 874,975	\$ 43,095	\$ 918,070	\$ 283,223	\$ -	\$ 283,223
<b>REVENUE:</b>						
Special events (net of direct benefit to donor of \$61,764 and \$79,457 for 2013 and 2012, respectively)	320,132	-	320,132	368,571	-	368,571
Investment income	109	-	109	45	-	45
Gain on sale of assets	96,356	-	96,356	-	-	-
Net assets released from restriction	76,905	(76,905)	-	69,405	(69,405)	-
<b>Total public support and revenues</b>	<b>1,368,477</b>	<b>(33,810)</b>	<b>1,334,667</b>	<b>721,244</b>	<b>(69,405)</b>	<b>651,839</b>
<b>EXPENSES:</b>						
Program services	837,859	-	837,859	861,590	-	861,590
Fundraising	128,589	-	128,589	139,844	-	139,844
Management and general	91,603	-	91,603	83,888	-	83,888
<b>Total expenses</b>	<b>1,058,051</b>	<b>-</b>	<b>1,058,051</b>	<b>1,085,322</b>	<b>-</b>	<b>1,085,322</b>
<b>Change in net assets</b>	<b>310,426</b>	<b>(33,810)</b>	<b>276,616</b>	<b>(364,078)</b>	<b>(69,405)</b>	<b>(433,483)</b>
<b>Net assets at beginning of year</b>	<b>1,209,271</b>	<b>137,283</b>	<b>1,346,554</b>	<b>1,573,349</b>	<b>206,688</b>	<b>1,780,037</b>
<b>Net assets at end of year</b>	<b>\$ 1,519,697</b>	<b>\$ 103,473</b>	<b>\$ 1,623,170</b>	<b>\$ 1,209,271</b>	<b>\$ 137,283</b>	<b>\$ 1,346,554</b>

The accompanying notes are an integral part of these financial statements.

**CANCER SUPPORT COMMUNITY NORTH TEXAS**  
**Statements of Functional Expenses**  
**For the Years Ended December 31, 2013 and 2012**

	2013				2012			
	Program Services	Fundraising	Management and General	Total	Program Services	Fundraising	Management and General	Total
Payroll expenses	\$ 382,481	\$ 77,470	\$ 66,730	\$ 526,681	\$ 331,231	\$ 67,090	\$ 57,789	\$ 456,110
Professional fees and consultations	157,369	10,696	9,863	177,928	215,084	13,442	12,194	240,720
Supplies	20,489	322	193	21,004	16,913	1,848	76	18,837
Telephone	10,031	398	318	10,747	6,802	270	216	7,288
Postage	5,430	7,984	872	14,286	6,387	2,215	410	9,012
Meals and entertainment	2,244	-	-	2,244	2,918	175	-	3,093
Printing	27,962	3,891	1,939	33,792	23,314	3,190	1,426	27,930
Transportation	4,719	593	1,013	6,325	2,923	367	627	3,917
Training and education	3,810	26	952	4,788	2,346	159	627	3,132
Insurance	13,176	522	418	14,116	21,764	863	691	23,318
Office equipment and building maintenance and repair	63,358	2,438	1,951	67,747	54,732	2,050	1,640	58,422
Utilities	7,045	279	223	7,547	19,235	762	610	20,607
Rent	86,034	4,779	4,779	95,592	62,465	3,470	3,470	69,405
Interest	6,402	254	203	6,859	11,111	440	352	11,903
Credit card/bank fees	267	4,802	267	5,336	361	6,496	361	7,218
Advertising and promotion	17,842	6,132	-	23,974	26,113	23,216	-	49,329
Bad debt	-	5,337	-	5,337	-	13,150	-	13,150
Membership fees	9,844	1,131	339	11,314	9,457	-	304	9,761
Miscellaneous	-	1,535	524	2,059	-	641	546	1,187
Total expenses before depreciation	<u>818,503</u>	<u>128,589</u>	<u>90,584</u>	<u>1,037,676</u>	<u>813,156</u>	<u>139,844</u>	<u>81,339</u>	<u>1,034,339</u>
Depreciation expense	19,356	-	1,019	20,375	48,434	-	2,549	50,983
Total expenses	<u>\$ 837,859</u>	<u>\$ 128,589</u>	<u>\$ 91,603</u>	<u>\$ 1,058,051</u>	<u>\$ 861,590</u>	<u>\$ 139,844</u>	<u>\$ 83,888</u>	<u>\$ 1,085,322</u>

The accompanying notes are an integral part of these financial statements.

**CANCER SUPPORT COMMUNITY NORTH TEXAS**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 276,616	\$ (433,483)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Change in restricted cash	50,000	-
Bad debt	5,337	13,150
Depreciation expense	20,375	50,983
Gain on sale of assets	(96,356)	-
Contributed rent	48,810	69,405
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(75,000)	-
Pledges receivable	5,816	3,500
Other assets	(6,802)	655
Increase (decrease) in:		
Accounts payable	(35,037)	20,573
Accrued expenses	(5,844)	1,211
Net cash provided by (used in) operating activities	187,915	(274,006)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	(6,966)	(23,174)
Proceeds from sale of fixed assets	1,660,508	-
Net cash provided by (used in) investing activities	1,653,542	(23,174)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on mortgage note payable	(463,859)	-
Borrowings on line of credit	50,000	245,000
Net cash (used in) provided by financing activities	(413,859)	245,000
Net increase (decrease) in cash	1,427,598	(52,180)
Cash and equivalents at beginning of year	26,199	78,379
Cash and equivalents at end of year	\$ 1,453,797	\$ 26,199
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid	\$ 6,858	\$ 11,903

The accompanying notes are an integral part of these financial statements.

**CANCER SUPPORT COMMUNITY NORTH TEXAS**  
**Notes to Financial Statements**  
**As of and For the Years Ended December 31, 2013 and 2012**

**1. DESCRIPTION OF THE ORGANIZATION**

Cancer Support Community North Texas (the "Organization") is a non-profit, voluntary, citizen-controlled organization, incorporated to provide services to persons diagnosed with cancer and family members and friends of those diagnosed with cancer. The Organization is supported by contributions from individuals, companies, and private foundations.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Cash and Cash Equivalents**

The Organization considers all demand and money market accounts to be cash equivalents except for restricted amounts described in Note 5.

**(b) Revenue Recognition**

Contributions are recognized as revenues in the period when unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than monetary assets are recorded at their estimated fair value.

**(c) Pledges Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are recognized when the conditions on which they depend are substantially met. In addition, management provides for probable uncollectible amounts through a provision for uncollectible pledges receivable and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable.

**(d) Land, Building, and Equipment**

Land, building, and equipment is carried at cost, and the related depreciation is provided on the straight-line basis over the assets' estimated useful lives, generally 40 years for buildings and renovations, seven years for office equipment and furniture, and three years for computer software. Major renewals and betterments are capitalized and depreciated. Repair and maintenance costs are expensed as incurred.

**CANCER SUPPORT COMMUNITY NORTH TEXAS**  
**Notes to Financial Statements**  
**As of and For the Years Ended December 31, 2013 and 2012**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)**

**(e) Unrestricted Net Assets**

Donations received from third parties that are not restricted as to use or for which the donor-imposed restrictions have been fulfilled are reported as unrestricted net assets in the accompanying financial statements.

**(f) Temporarily Restricted Net Assets**

The Organization reports gifts of cash and other assets as restricted support in temporarily restricted net assets if they are received with donor stipulations that limit the use of the donated assets. When the purpose of the donor restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets are primarily related to cash received from grants of public and private organizations and individuals. Temporarily restricted contributions whose restrictions are met in the year of contribution are reported as unrestricted contributions in that year.

**(g) Functional Expenses**

Expenses are summarized on a functional basis. Salaries and related payroll expenses are recorded based on estimates of time spent by personnel by function. Certain indirect expenses are allocated to various functions based on percentages of time spent by personnel within each function. Distribution of all other expenses is based on actual usage or management's estimates of usage.

**(h) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**(i) Impairment of Long-Lived Assets**

The Organization periodically reviews the carrying value of its long-lived assets, including land, building, and equipment, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized to the extent fair value of a long-lived asset is less than the carrying amount. Fair value is determined based upon the estimated future cash inflows attributable to the asset less estimated future cash outflows. No such losses were recognized during the years ended December 31, 2013 and 2012.



**CANCER SUPPORT COMMUNITY NORTH TEXAS**  
**Notes to Financial Statements**  
As of and For the Years Ended December 31, 2013 and 2012

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)**

**(j) Federal Income Taxes**

The Organization is a qualified non-profit organization and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) topic *Accounting for Uncertainty in Income Taxes*, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. The implementation of ASC topic *Accounting for Uncertainty in Income Taxes* had no impact on the Organization's financial statements. The Organization does not believe there are any unrecognized tax benefits that should be recorded. For the years ended December 31, 2013 and 2012, there were no interest or penalties related to taxes recorded or included in the statement of activities. The Organization is still open to examination by taxing authorities from 2009 forward.

**(k) Reclassification**

Certain balances for 2012 have been reclassified to conform to 2013 presentation.

**(l) Recent Accounting Pronouncements**

The Organization's management has evaluated the recently issued accounting pronouncements through the date that these financial statements were available to be issued and has determined the application of these pronouncements will have no material impact on the Organization's financial position and changes in net assets.

**(m) Concentrations of Credit Risks**

Concentration of credit risk consists primarily of cash. As of December 31, 2013 and 2012, the Organization held cash at a quality financial institution that at times is in excess of federally insured limits.

**3. PLEDGES RECEIVABLE**

Pledges at December 31, 2013 are due as follows:

<u>Amounts to be collected in:</u>	<u>Beyond the Red Door Campaign</u>	<u>Rent</u>	<u>Total</u>
2014	\$ 11,600	\$ 69,405	\$ 81,005
2015	<u>3,100</u>	<u>11,568</u>	<u>14,668</u>
	14,700	80,973	95,673
Less allowance for uncollectible pledges	<u>(4,604)</u>	<u>-</u>	<u>(4,604)</u>
	<u>\$ 10,096</u>	<u>\$ 80,973</u>	<u>\$ 91,069</u>

**CANCER SUPPORT COMMUNITY NORTH TEXAS**  
**Notes to Financial Statements**  
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**3. PLEDGES RECEIVABLE (Continued)**

Pledges at December 31, 2012 are due as follows:

<u>Amounts to be collected in:</u>	<u>Beyond the Red Door Campaign</u>	<u>Rent</u>	<u>Total</u>
2013	\$ 22,587	\$ 69,405	\$ 91,992
2014	4,500	69,405	73,905
2015	<u>2,300</u>	<u>11,568</u>	<u>13,868</u>
	29,387	150,378	179,765
Less present value discount at 1%	<u>(3,534)</u>	<u>(20,595)</u>	<u>(24,129)</u>
	25,853	129,783	155,636
Less allowance for uncollectible pledges	<u>(4,604)</u>	<u>-</u>	<u>(4,604)</u>
	<u>\$ 21,249</u>	<u>\$ 129,783</u>	<u>\$ 151,032</u>

**4. LAND, BUILDING AND EQUIPMENT**

Land, building and equipment consist of the following at December 31:

	<u>2013</u>	<u>2012</u>
Land	\$ -	\$ 400,000
Office equipment and furniture	266,270	258,982
Building and renovations	-	1,726,845
Computer software	<u>18,920</u>	<u>18,920</u>
	285,190	2,404,747
Less accumulated depreciation	<u>(282,206)</u>	<u>(824,202)</u>
	<u>\$ 2,984</u>	<u>\$ 1,580,545</u>

During 2013, the Organization sold its land and building with a net book value of approximately \$1,565,000 for approximately \$1,661,000.

**5. LINE OF CREDIT**

In December 2011, the Organization obtained an unsecured line of credit in the amount of \$650,000 from Amegy Bank National Association which matured on June 12, 2013 and was not renewed. As of December 31, 2013 and 2012, there were outstanding balances of \$0 and \$245,000, respectively. The note was secured by the Organization's money market account, which required a restricted cash balance of \$50,000. The related restriction was removed on the maturity date.

**6. RELATED PARTY TRANSACTIONS**

The Organization receives contributions from its Board of Directors. These amounts are recorded by the Organization as revenue and are available for unrestricted use unless stipulated by the donor as restricted. During 2013 and 2012, the Organization received \$43,305 and \$51,575, respectively, in donations from members of its Board of Directors. At December 31, 2013 and 2012, there are \$0 and \$7,200 in pledges receivable from the Board of Directors, respectively.

**CANCER SUPPORT COMMUNITY NORTH TEXAS**  
**Notes to Financial Statements**  
**As of and For the Years Ended December 31, 2013 and 2012**

**7. DONATED MATERIALS AND SERVICES**

A number of volunteers have donated significant time and effort to the Organization. The dollar value of donated volunteer services is not reflected in the financial statements since no objective basis is available to measure the value of such services.

Donated materials and professional services that can be used by the Organization are reflected in the financial statements as contributions at their estimated value at the date of receipt. The Organization recognized \$51,015 and \$123,712 of donated materials and professional services in 2013 and 2012, respectively, and these amounts are included in unrestricted contributions in the accompanying statements of activities.

In March 2010, the Organization entered into a lease for office space for a new location to open in Allen, Texas. The lease term is from March 1, 2010 to February 28, 2015. The lease provides for in kind rent for the lease term and any renewal period. The rent receivable balance at December 31, 2013 and 2012 was \$80,973 and \$129,783, respectively.

**8. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are as follows as of December 31:

	<u>2013</u>	<u>2012</u>
Facility upgrades	\$ -	\$ 7,500
Technology hardware	15,000	-
Cancer transitions program	7,500	-
Time restriction rent	<u>80,973</u>	<u>129,783</u>
	<u>\$ 103,473</u>	<u>\$ 137,283</u>

**9. ADVERTISING COSTS**

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2013 and 2012 were \$23,974 and \$49,329, respectively.

**10. RETIREMENT PLAN**

The Organization created a defined contribution plan (“the Plan”) covering all employees 18 years of age and with at least six consecutive months of service, excluding union employees and non-resident alien employees. The Organization may match participants’ contributions to the Plan up to a determined percentage of the individual participant’s compensation. In addition, the Organization may contribute, at its discretion, an undetermined percentage of all participants’ eligible compensation as defined by the Plan. There was no employer match in 2013 or 2012.

**CANCER SUPPORT COMMUNITY NORTH TEXAS**  
**Notes to Financial Statements**  
**As of and For the Years Ended December 31, 2013 and 2012**

**11. SUBSEQUENT EVENTS**

The date to which events occur after December 31, 2013, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is August 22, 2014, which is the date on which the financial statements were available to be issued.

The organization signed a lease agreement for a facility in Dallas. The effective date of the lease depends on the date the facility construction is complete. Currently, the Organization expects the facility to be available for use starting in December 2014. The lease provides the space for 10 years starting with the move-in date. Monthly rent of \$7,527 per month will be due in the first year, and the rent will increase by 2% each anniversary date through the life of the lease.

In August 2014, the Organization also signed a tenant improvement agreement that commits the Organization to pay approximately \$252,000 for leasehold improvements with an estimated cost of \$430,000.