



# Cancer Support Community North Texas

Financial Statements  
As of and For the Years Ended  
December 31, 2016 and 2015

# Cancer Support Community North Texas

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## Financial Statements

As of and For the Years Ended December 31, 2016 and 2015

# Cancer Support Community North Texas

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## Independent Auditor's Report

To the Board of Directors  
Cancer Support Community North Texas  
Dallas, Texas

We have audited the accompanying financial statements of Cancer Support Community North Texas, which comprise the statements of financial position as of December 31, 2016 and 2015 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 Cancer Support Community North Texas as of December 31, 2016 and 2015 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.

*BDO USA, LLP*

August 17, 2017

## Financial Statements

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# Cancer Support Community North Texas

## Statements of Financial Position

<i>December 31,</i>	2016	2015
<b>Assets</b>		
Cash and cash equivalents	\$ 281,113	\$ 1,471,944
Investments	1,811,797	557,717
Accounts receivable	-	83,230
Pledged rent receivable	195,455	285,665
Other assets	388	306
Land, building and equipment, net	63,001	75,324
<b>Total assets</b>	<b>\$ 2,351,754</b>	<b>\$ 2,474,186</b>
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 1,387	\$ 46,100
Accrued expenses	25,806	73,058
<b>Total liabilities</b>	<b>27,193</b>	<b>119,158</b>
Commitments and contingencies		
Net assets:		
Unrestricted	2,122,354	2,021,834
Temporarily restricted	202,207	333,194
<b>Total net assets</b>	<b>2,324,561</b>	<b>2,355,028</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,351,754</b>	<b>\$ 2,474,186</b>

*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,

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Public Support</b>						
Contributions and grants	\$ 1,211,297	\$ 2,500	\$ 1,213,797	\$ 1,260,414	\$ 328,943	\$ 1,589,357
<b>Revenue</b>						
Special events (net of direct benefit to donor of \$9,701 and \$8,748 for 2016 and 2015, respectively)	275,672	-	275,672	581,822	-	581,822
Net investment income (loss)	159,971	-	159,971	(4,807)	-	(4,807)
Other Income	1,677	-	1,677	-	-	-
Net assets released from restriction	133,487	(133,487)	-	40,315	(40,315)	-
<b>Total public support and revenues</b>	<b>1,782,104</b>	<b>(130,987)</b>	<b>1,651,117</b>	<b>1,877,744</b>	<b>288,628</b>	<b>2,166,372</b>
<b>Expenses</b>						
Program services	1,371,925	-	1,371,925	1,394,640	-	1,394,640
Fundraising	193,745	-	193,745	191,297	-	191,297
Management and general	115,914	-	115,914	116,141	-	116,141
<b>Total expenses</b>	<b>1,681,584</b>	<b>-</b>	<b>1,681,584</b>	<b>1,702,078</b>	<b>-</b>	<b>1,702,078</b>
<b>Change in net assets</b>	<b>100,520</b>	<b>(130,987)</b>	<b>(30,467)</b>	<b>175,666</b>	<b>288,628</b>	<b>464,294</b>
<b>Net assets at beginning of year</b>	<b>2,021,834</b>	<b>333,194</b>	<b>2,355,028</b>	<b>1,846,168</b>	<b>44,566</b>	<b>1,890,734</b>
<b>Net assets at end of year</b>	<b>\$ 2,122,354</b>	<b>\$ 202,207</b>	<b>\$ 2,324,561</b>	<b>\$ 2,021,834</b>	<b>\$ 333,194</b>	<b>\$ 2,355,028</b>

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



## Cancer Support Community North Texas

### Statements of Functional Expenses

<i>For the Years Ended December 31,</i>	2016				2015			
	Program Services	Fundraising	Management and General	Total	Program Services	Fundraising	Management and General	Total
Payroll expenses	\$ 628,056	\$ 115,694	\$ 82,639	\$ 826,389	\$ 667,265	\$ 122,916	\$ 87,798	\$ 877,979
Professional fees and consultations	200,185	10,625	4,985	215,795	199,242	9,288	2,641	211,171
Supplies	29,963	251	151	30,365	35,523	292	175	35,990
Telephone	6,624	263	210	7,097	7,302	289	232	7,823
Postage	11,124	1,412	319	12,855	15,858	9,573	1,955	27,386
Meals and entertainment	895	3,580	-	4,475	1,553	2,662	-	4,215
Printing	45,074	7,553	2,390	55,017	42,457	3,563	983	47,003
Transportation	6,571	825	1,410	8,806	6,702	842	1,438	8,982
Training and education	6,038	216	1,654	7,908	7,208	233	994	8,435
Insurance	10,936	433	347	11,716	8,650	342	273	9,265
Office equipment and building maintenance and repair	50,198	1,990	1,591	53,779	49,699	1,971	1,576	53,246
Rent	297,713	16,539	16,539	330,791	274,034	15,224	15,224	304,482
Credit card/bank fees	1,096	19,729	1,096	21,921	605	10,876	605	12,086
Advertising and promotion	41,581	9,694	-	51,275	46,012	9,445	-	55,457
Membership fees	24,164	2,777	833	27,774	22,802	2,621	786	26,209
Miscellaneous	-	2,164	1,134	3,298	-	1,160	949	2,109
<b>Total expenses before depreciation</b>	<b>1,360,218</b>	<b>193,745</b>	<b>115,298</b>	<b>1,669,261</b>	<b>1,384,912</b>	<b>191,297</b>	<b>115,629</b>	<b>1,691,838</b>
Depreciation expense	11,707	-	616	12,323	9,728	-	512	10,240
<b>Total expenses</b>	<b>\$ 1,371,925</b>	<b>\$ 193,745</b>	<b>\$ 115,914</b>	<b>\$ 1,681,584</b>	<b>\$ 1,394,640</b>	<b>\$ 191,297</b>	<b>\$ 116,141</b>	<b>\$ 1,702,078</b>

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

# Cancer Support Community North Texas

## Statements of Cash Flows

<i>For the Years Ended December 31,</i>	2016	2015
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (30,467)	\$ 464,294
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation expense	12,323	10,240
Net realized and unrealized (gain) loss on investments	(122,800)	13,599
Pledged rent receivable	90,210	(259,062)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	83,230	104,508
Other assets	(82)	10,424
Increase (decrease) in:		
Accounts payable	(44,713)	(109,498)
Accrued expenses	(47,252)	62,605
<b>Net cash (used in) provided by operating activities</b>	<b>(59,551)</b>	<b>297,110</b>
<b>Cash Flows from Investing Activities:</b>		
Capital expenditures	-	(11,249)
Proceeds from sale or redemption of investments	-	10,687
Purchases of investment securities	(1,131,280)	(582,003)
<b>Net cash used in investing activities</b>	<b>(1,131,280)</b>	<b>(582,565)</b>
<b>Cash Flows from Financing Activities:</b>		
	-	-
<b>Net decrease in cash</b>	<b>(1,190,831)</b>	<b>(285,455)</b>
Cash and equivalents at beginning of year	1,471,944	1,757,399
<b>Cash and equivalents at end of year</b>	<b>\$ 281,113</b>	<b>\$ 1,471,944</b>

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

# Cancer Support Community North Texas

## Notes to Financial Statements

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### 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

#### *Cash and Cash Equivalents*

The Organization considers all demand and money market accounts to be cash equivalents.

#### *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.

#### *Investments*

The Organization records all investments with readily determinable market values at fair value in the statements of financial position. Increases and decreases in fair value are recognized as gains and losses in the period in which they occur. The Organization records investment transactions based on the trade date.

#### *Pledged Rent Receivable*

Unconditional promises to give free rent to the Organization are recorded as pledged rent receivable and temporarily restricted contributions and grants during the year the unconditional promise to give is made at the value of similar leased spaces by the Organization. As the leased space is used, the Organization decreases the pledge rent receivable, releases the temporary restriction on net assets, and records rent expense. Conditional promises to give rent are recognized when the conditions on which they depend are substantially met.

#### *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

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### *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.

### *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.

### *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.

### *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.

### *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, 2016 and 2015.

### *Fair Value of Financial Instruments*

The Organization's significant financial instruments include cash and accounts receivable, which have carrying values that approximate their fair values due to the short maturities of those assets. Financial instruments of the Organization also include investments, which are all stated at their approximate fair value as further described at Note 5.

# Cancer Support Community North Texas

## Notes to Financial Statements

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### *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 Organization does not believe there are any unrecognized tax benefits that should be recorded. For the years ended December 31, 2016 and 2015, there were no interest or penalties related to taxes recorded or included in the statement of activities.

### *Concentrations*

Concentration of credit risk consists primarily of cash. As of December 31, 2016 and 2015, the Organization held cash at a quality financial institution that at times is in excess of federally insured limits.

One donor comprises approximately 80% and 57% of contributions and grants revenue for the years ended December 31, 2016 and 2015, respectively.

One customer comprises approximately 90% of accounts receivable balance at December 31, 2015. There are no accounts receivable concentrations at December 31, 2016.

### **3. Pledged Rent Receivable**

Pledges at December 31, 2016 and 2015 represent donated rent to be used as follows:

2017		\$	90,210
2018			90,210
2019			15,035
		\$	195,455

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### **4. Investments**

The fair value, cost and unrealized gain/loss on investments as of December 31, 2016 and 2015 is summarized as follows:

	2016	2015
Common stock	\$ 24,447	\$ 21,182
Mutual funds	1,113,834	536,535
Fixed income	673,516	-
Total fair value	1,811,797	557,717
Less cost	(1,705,330)	(571,030)
Unrealized gain (loss)	\$ 106,467	\$ (13,313)

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# Cancer Support Community North Texas

## Notes to Financial Statements

A reconciliation of unrealized appreciation/depreciation during the year ended December 31 is as follows:

	2016	2015
Unrealized loss at beginning of the year	\$ (13,313)	\$ -
Unrealized gain (loss) on investments	119,780	(13,313)
Unrealized gain (loss) at end of year	\$ 106,467	\$ (13,313)

Investment income (loss) for the year ended December 31 is summarized as follows:

	2016	2015
Unrealized gain (loss) on investments	\$ 119,780	\$ (13,313)
Realized gain (loss) on investments	3,020	(286)
Interest and dividend income	122,800	(13,599)
	37,171	8,792
Net investment income (loss)	\$ 159,971	\$ (4,807)

### 5. Fair Value Measurements

FASB guidance establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under this guidance are described as follows:

**Level 1:** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

**Level 2:** Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

# Cancer Support Community North Texas

## Notes to Financial Statements

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**Level 3:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Assets measured at fair value on a recurring basis include investments. Investments consist of common stock, mutual funds and fixed income securities. The fair values of these investments are based on quoted market price and are classified in level 1 of the fair value hierarchy.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2016.

	Level 1	Level 2	Level 3	Total
Common stock	\$ 24,447	\$ -	\$ -	\$ 24,447
Mutual funds	1,113,834	-	-	1,113,834
Fixed income	673,516	-	-	673,516
<b>Total assets at fair value</b>	<b>\$ 1,811,797</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,811,797</b>

The following table set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2015.

	Level 1	Level 2	Level 3	Total
Common stock	\$ 21,182	\$ -	\$ -	\$ 21,182
Mutual funds	536,535	-	-	536,535
<b>Total assets at fair value</b>	<b>\$ 557,717</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 557,717</b>

# Cancer Support Community North Texas

## Notes to Financial Statements

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### 6. Land, Building and Equipment

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

	2016	2015
Office equipment and furniture	\$ 306,026	\$ 306,026
Building and renovations	39,656	39,656
Computer software	18,920	18,920
	364,602	364,602
Less accumulated depreciation	(301,601)	(289,278)
	\$ 63,001	\$ 75,324

### 7. 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 2016 and 2015, the Organization received \$40,115 and \$45,900, respectively, in donations from members of its Board of Directors, which represents 100% participation of Board of Directors.

### 8. 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 \$15,620 and \$32,275 of donated materials and professional services in 2016 and 2015, respectively, and these amounts are included in unrestricted contributions in the accompanying statements of activities.

For the years ended December 31, 2016 and 2015, the Organization received donated rent through two operating lease agreements. One lease provides unconditional free rent from 2015 through 2019. Therefore, it is reflected as a pledged rent receivable at December 31, 2016 and 2015. See Note 3 for the related maturity terms of this agreement. The second lease is a sublease agreement which provides free rent valued at \$4,039 per month through September 2022. This agreement may be terminated by either party with 30 days written notice if certain conditions are not met. The Organization accounts for this lease as a conditional promise to give and records related donated rent on a month to month basis. Total expense recognized for these leases was \$138,682 and \$165,285, respectively, for the years ended December 31, 2016 and 2015.



# Cancer Support Community North Texas

## Notes to Financial Statements

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### 9. Temporarily Restricted Net Assets

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

	2016	2015
Technology hardware	\$ 4,252	\$ 4,252
Office event	2,500	-
Survive and Thrive	-	43,277
Time restriction rent	195,455	285,665
	<u>\$ 202,207</u>	<u>\$ 333,194</u>

### 10. 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, 2016 and 2015 were \$51,275 and \$55,457, respectively.

### 11. 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. The Organization contributed approximately \$16,000 to the plan for the year ended 2016. There was no employer match in 2015.

### 12. Subsequent Events

The Organization signed a lease extension agreement for a facility subsequent to year end. The lease provides the space for one year. Monthly rent of \$1,350 per month will be due through December 2019.

The date to which events occur after December 31, 2016, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is August 17, 2017, which is the date on which the financial statements were available to be issued.