



**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

*CPAs / ADVISORS*



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

TABLE OF CONTENTS  
DECEMBER 31, 2022 AND 2021

---

	Page
<b>Report of Independent Auditors</b> .....	1
<b>Financial Statements</b>	
Statements of Financial Position .....	3
Statements of Activities .....	4
Statements of Functional Expenses.....	6
Statements of Cash Flows .....	8
Notes to Financial Statements .....	9

---



Blue & Co., LLC / 12800 N. Meridian Street, Suite 400 / Carmel, IN 46032  
main 317.848.8920 fax 317.573.2458 email blue@blueandco.com

## REPORT OF INDEPENDENT AUDITORS

The Board of Directors  
Little Red Door Cancer Agency, Inc.  
Indianapolis, Indiana

### Opinion

We have audited the accompanying financial statements of Little Red Door Cancer Agency, Inc. (LRD), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LRD as of December 31, 2022, and its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LRD and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Prior Period Financial Statements

The financial statements as of December 31, 2021, were audited by Alerding CPA Group, who merged with Blue & Co., LLC as of December 1, 2022, and whose report dated May 18, 2022, expressed an unmodified opinion on those statements.

### Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about LRD's ability to

## REPORT OF INDEPENDENT AUDITORS - Continued

continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 LRD's internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LRD's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Blue & Co., LLC*

Carmel, Indiana  
June 21, 2023

# LITTLE RED DOOR CANCER AGENCY, INC.

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2022 AND 2021

---

### ASSETS

	2022	2021
<b>Assets</b>		
Cash	\$ 336,949	\$ 717,878
Investments	2,513,575	3,192,482
Grants receivable	113,227	117,180
Pledges receivable, net	31,629	69,351
Prepaid expenses	31,519	23,801
Property and equipment, net	262,873	305,085
Beneficial interest in perpetual trust	591,968	754,948
	<u>\$ 3,881,740</u>	<u>\$ 5,180,725</u>

### LIABILITIES AND NET ASSETS

<b>Liabilities</b>		
Accounts payable	\$ 38,681	\$ 37,477
Accrued expenses	51,645	43,470
United Way maintenance reserve	10,000	10,000
Total liabilities	<u>100,326</u>	<u>90,947</u>
<b>Net assets</b>		
Without donor restrictions	2,750,531	3,675,871
With donor restrictions	1,030,883	1,413,907
Total net assets	<u>3,781,414</u>	<u>5,089,778</u>
	<u>\$ 3,881,740</u>	<u>\$ 5,180,725</u>

---

See accompanying notes to financial statements.

## LITTLE RED DOOR CANCER AGENCY, INC.

### STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2022 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	2022			2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Support and revenues</b>				
Contributions	\$ 1,338,914	\$ 252,192	\$ 1,591,106	\$ 2,531,401
Investment return, net	(545,815)	-0-	(545,815)	293,397
Change in value of beneficial interest in perpetual trust	30,630	(162,980)	(132,350)	110,598
Other revenue	4,228	-0-	4,228	9,373
Net assets released from restrictions	<u>472,236</u>	<u>(472,236)</u>	<u>-0-</u>	<u>-0-</u>
Total support and revenues	1,300,193	(383,024)	917,169	2,944,769
<b>Expenses</b>				
Program services				
Client Services	226,175	-0-	226,175	217,297
Client Transportation	429,645	-0-	429,645	499,141
Client Navigation	223,849	-0-	223,849	215,809
Camp Little Red Door	301,082	-0-	301,082	207,587
Door to Wellness	313,868	-0-	313,868	255,027
Meals	195,334	-0-	195,334	183,230
Tobacco Prevention Coalition	<u>170,880</u>	<u>-0-</u>	<u>170,880</u>	<u>120,655</u>
Total program services	1,860,833	-0-	1,860,833	1,698,746
Management and general	136,602	-0-	136,602	137,019
Fundraising	<u>228,098</u>	<u>-0-</u>	<u>228,098</u>	<u>236,488</u>
Total expenses	<u>2,225,533</u>	<u>-0-</u>	<u>2,225,533</u>	<u>2,072,253</u>
<b>Change in net assets</b>	(925,340)	(383,024)	(1,308,364)	872,516
<b>Net assets, beginning of year</b>	<u>3,675,871</u>	<u>1,413,907</u>	<u>5,089,778</u>	<u>4,217,262</u>
<b>Net assets, end of year</b>	<u>\$ 2,750,531</u>	<u>\$ 1,030,883</u>	<u>\$ 3,781,414</u>	<u>\$ 5,089,778</u>

*See accompanying notes to financial statements.*

## LITTLE RED DOOR CANCER AGENCY, INC.

### STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenues</b>			
Contributions	\$ 1,977,797	\$ 553,604	\$ 2,531,401
Investment return, net	293,397	-0-	293,397
Change in value of beneficial interest in perpetual trust	25,981	84,617	110,598
Other revenue	9,373	-0-	9,373
Net assets released from restrictions	58,699	(58,699)	-0-
<b>Total support and revenues</b>	<b>2,365,247</b>	<b>579,522</b>	<b>2,944,769</b>
<b>Expenses</b>			
Program services			
Client Services	217,297	-0-	217,297
Client Transportation	499,141	-0-	499,141
Client Navigation	215,809	-0-	215,809
Camp Little Red Door	207,587	-0-	207,587
Door to Wellness	255,027	-0-	255,027
Meals	183,230	-0-	183,230
Tobacco Prevention Coalition	120,655	-0-	120,655
<b>Total program services</b>	<b>1,698,746</b>	<b>-0-</b>	<b>1,698,746</b>
Management and general	137,019	-0-	137,019
Fundraising	236,488	-0-	236,488
<b>Total expenses</b>	<b>2,072,253</b>	<b>-0-</b>	<b>2,072,253</b>
<b>Change in net assets</b>	<b>292,994</b>	<b>579,522</b>	<b>872,516</b>
<b>Net assets, beginning of year</b>	<b>3,382,877</b>	<b>834,385</b>	<b>4,217,262</b>
<b>Net assets, end of year</b>	<b>\$ 3,675,871</b>	<b>\$ 1,413,907</b>	<b>\$ 5,089,778</b>

*See accompanying notes to financial statements.*

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

STATEMENT OF FUNCTIONAL EXPENSES  
 YEAR ENDED DECEMBER 31, 2022  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	2022										2021 Total Expenses
	Program Services						Tobacco Prevention Coalition	Management and General	Fundraising	Total Expenses	
	Client Services	Client Transportation	Client Navigation	Camp Little Red Door	Door to Wellness	Meals					
<b>Labor and benefits</b>											
Salaries	\$ 115,276	\$ 144,598	\$ 137,818	\$ 71,393	\$ 164,064	\$ 90,001	\$ 64,086	\$ 83,823	\$ 93,796	\$ 964,855	\$ 913,242
Employee benefits	16,997	21,320	18,695	10,526	19,514	13,270	9,449	12,359	13,830	135,960	113,559
Payroll taxes and expense	8,478	10,635	9,325	5,251	9,734	6,619	4,713	6,165	6,898	67,818	64,213
Total labor and benefits	140,751	176,553	165,838	87,170	193,312	109,890	78,248	102,347	114,524	1,168,633	1,091,014
<b>Other expenses</b>											
Training and conferences	2,142	2,687	2,356	1,327	2,459	1,672	1,191	1,558	1,743	17,135	17,414
Travel	1,441	1,807	1,585	892	1,654	1,125	801	1,048	1,172	11,525	14,352
Client services	20,110	197,681	9,430	172,946	32,836	50,765	68,362	-0-	-0-	552,130	501,194
Programming supplies	19,674	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	19,674	12,864
Office expense	4,963	6,107	5,344	3,054	5,344	3,817	2,672	3,054	3,817	38,172	31,905
Printed materials	1,880	2,314	2,025	1,157	2,025	1,447	1,013	1,157	1,447	14,465	13,276
Business insurance	2,701	3,324	2,909	1,662	2,909	2,078	1,454	1,660	2,078	20,775	20,463
Professional fees	9,521	11,736	10,272	5,862	10,311	7,332	5,142	5,947	7,359	73,482	63,683
Advertising costs	316	315	316	315	316	315	-0-	-0-	-0-	1,893	4,167
Events	989	-0-	-0-	13,280	38,046	-0-	-0-	2,852	78,463	133,630	118,779
Facility costs	10,133	12,710	11,145	6,275	11,634	7,911	5,633	8,046	8,245	81,732	102,099
Information technology	1,919	2,407	2,111	1,188	2,203	1,498	1,067	1,395	1,561	15,349	23,226
Bad debt expense	1,248	1,536	1,344	768	1,344	960	672	768	960	9,600	-0-
Other costs	2,154	2,650	2,319	1,326	2,319	1,658	1,160	1,322	1,658	16,566	10,306
Interest expense	-0-	-0-	-0-	-0-	-0-	-0-	-0-	915	-0-	915	519
Depreciation	6,233	7,818	6,855	3,860	7,156	4,866	3,465	4,533	5,071	49,857	46,992
Total expenses	\$ 226,175	\$ 429,645	\$ 223,849	\$ 301,082	\$ 313,868	\$ 195,334	\$ 170,880	\$ 136,602	\$ 228,098	\$ 2,225,533	\$ 2,072,253

See accompanying notes to financial statements.



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

STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2021

	Program Services							Management and General	Fundraising	Total Expenses
	Client Services	Client Transportation	Client Navigation	Camp Little Red Door	Door to Wellness	Meals	Tobacco Prevention Coalition			
<b>Labor and benefits</b>										
Salaries	\$ 114,872	\$ 147,670	\$ 135,673	\$ 77,509	\$ 147,050	\$ 90,095	\$ 21,040	\$ 77,690	\$ 101,643	\$ 913,242
Employee benefits	13,617	19,359	15,885	9,702	17,834	10,893	2,758	10,185	13,326	113,559
Payroll taxes	7,700	10,947	8,982	5,486	10,085	6,160	1,560	5,759	7,534	64,213
Total labor and benefits	136,189	177,976	160,540	92,697	174,969	107,148	25,358	93,634	122,503	1,091,014
<b>Other expenses</b>										
Training and conferences	2,088	2,969	2,436	1,488	2,735	1,670	423	1,562	2,043	17,414
Travel	2,870	-0-	-0-	-0-	-0-	-0-	-0-	5,741	5,741	14,352
Client services	22,922	257,507	6,602	58,771	24,850	44,536	86,006	-0-	-0-	501,194
Programming supplies	12,864	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	12,864
Office expense	3,510	8,295	3,191	2,552	3,828	2,872	1,275	3,191	3,191	31,905
Printed material	1,460	3,452	1,328	1,062	1,593	1,195	530	1,328	1,328	13,276
Business insurance	2,251	5,320	2,046	1,637	2,456	1,842	819	2,046	2,046	20,463
Professional fees	7,637	10,856	8,908	5,441	10,001	6,109	1,547	5,711	7,473	63,683
Advertising costs	500	710	583	356	654	400	101	374	489	4,167
Events	3,208	-0-	5,039	28,037	5,642	-0-	-0-	6,430	70,423	118,779
Facility costs	12,244	17,406	14,283	8,723	16,034	9,794	2,480	9,154	11,981	102,099
Information technology	2,785	3,960	3,249	1,984	3,648	2,228	564	2,083	2,725	23,226
Other costs	1,134	2,679	1,031	824	1,237	928	411	1,031	1,031	10,306
Interest expense	-0-	-0-	-0-	-0-	-0-	-0-	-0-	519	-0-	519
Depreciation	5,635	8,011	6,573	4,015	7,380	4,508	1,141	4,215	5,514	46,992
Total expenses	<u>\$ 217,297</u>	<u>\$ 499,141</u>	<u>\$ 215,809</u>	<u>\$ 207,587</u>	<u>\$ 255,027</u>	<u>\$ 183,230</u>	<u>\$ 120,655</u>	<u>\$ 137,019</u>	<u>\$ 236,488</u>	<u>\$ 2,072,253</u>

See accompanying notes to financial statements.

**LITTLE RED DOOR CANCER AGENCY, INC.**STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021

---

	2022	2021
	<u>                    </u>	<u>                    </u>
<b>Operating activities</b>		
Change in net assets	\$ (1,308,364)	\$ 872,516
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	49,857	46,992
Realized and unrealized (gains) losses on investments, net	560,209	(284,512)
Change in value of beneficial interest in perpetual trust	162,980	(84,617)
Changes in operating assets and liabilities:		
Grants receivable	3,953	(1,399)
Pledges receivable, net	37,722	(27,413)
Prepaid expenses	(7,718)	4,455
Accounts payable	1,204	10,542
Accrued expenses	8,175	(13,990)
Net cash flows from operating activities	<u>(491,982)</u>	<u>522,574</u>
<b>Investing activities</b>		
Capital expenditures	(7,645)	(28,208)
Purchase of investments	(217,236)	(836,816)
Proceeds from sale of investments	335,934	620,406
Net cash flows from investing activities	<u>111,053</u>	<u>(244,618)</u>
Net change in cash	(380,929)	277,956
<b>Cash, beginning of year</b>	<u>717,878</u>	<u>439,922</u>
<b>Cash, end of year</b>	<u>\$ 336,949</u>	<u>\$ 717,878</u>
<b>Supplemental disclosure of cash flow information</b>		
Cash payments for interest	<u>\$ 915</u>	<u>\$ 519</u>

---

See accompanying notes to financial statements.

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

---

### 1. NATURE OF ACTIVITIES

Little Red Door Cancer Agency, Inc. (LRD), was founded in 1945 and works to reduce the physical, emotional, and financial burdens of cancer for medically underserved Hoosiers by providing free client services, survivor programming and education.

LRD's primary programs include the following:

Client Services – Provide medical supplies, 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;

Door to Wellness - Provide survivorship programming to assist with the common side effects of cancer and its treatment through therapeutic massage and yoga, cooking classes, and other offerings;

Meals - Provide nutritional supplements (meal replacements);

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;

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

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

Net assets without donor restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of LRD, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – Net assets with donor restrictions are resources that are restricted for use for a particular purpose or in a particular future period. These include

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

---

donor restrictions requiring the net assets to be held in perpetuity or for a specified terms with investment return available for operations or specific purposes.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the statement of activities by reclassifying the net assets with donor restrictions to net assets without donor restrictions.

### Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support, revenue, and expenses during the reporting period. Actual results could differ from those estimates.

### Cash and Cash Equivalents

For purposes of the statement of cash flows, LRD considers all liquid investments with an original maturity date of three months or less to be cash equivalents, but excludes cash equivalents held by investment managers which is included in investments. There are no such cash equivalents at December 31, 2022 and 2021.

### Investments and Investment Return

Investments are recorded at fair value. Changes in unrealized appreciation or depreciation of investments are recorded in the period the changes occur. Realized gains and losses are recorded based on the costs of the specific investments sold. Interest and dividend income is recorded when earned and includes capital gains distributions within mutual funds.

### Grants and Pledges Receivable

Grants and pledges receivable consist of amounts unconditionally promised to LRD by donors and amounts due to LRD under cost reimbursement grants determined to be conditional contributions where conditions have been met.

An allowance to record the pledges receivable to net present value is not material and has not been recorded in the accompanying financial statements. Grants and pledges receivable are all due within one year.

Management estimates an allowance for doubtful receivables based on an evaluation of historical losses, current economic conditions, and other factors unique to its funding sources. Periodically, management reviews pledges receivable, records an allowance based on current circumstances, and charges off the receivable against the allowance when all attempts to collect the receivable are deemed to have failed in accordance with LRD's collection policy. Management has estimated

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

---

and recorded an allowance for uncollectible pledges of \$5,000 at both December 31, 2022 and 2021.

### Property and Equipment

LRD capitalizes all significant purchases of property and equipment at cost, including expenditures that substantially increase the useful lives of existing assets. Costs of ordinary maintenance and repairs are expenses as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of assets which range from three to fifty years.

### Support and Revenue Recognition

LRD recognizes contributions, including government grants, when cash, securities or other assets or an unconditional promise to give is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Government grants are generally received under multi-year contracts and are available to be spent over the term of the grant. Therefore, funds not spent in one year are available to be carried forward into the subsequent period until the grant term expires.

Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

All other revenues are recorded when earned.

### Functional Expenses

The cost of providing the programs and services of LRD have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting activities benefited based on the actual direct expenditures and cost allocations of indirect expenses based on time and the usage by personnel and programs. Expenses allocated include personnel cost, professional fees, events, facility costs, depreciation, and other office overhead. Although the methods used were appropriate, other methods could produce different results.

### Income Taxes

LRD is organized as a not-for-profit corporation and is exempt from income taxes under section 501(c)(3) of the United States Internal Revenue Code and similar state law. As such, LRD is generally exempt from income taxes. However, LRD is required to file Federal Form 990 – Return of Organization Exempt from Income Tax and a corresponding state return, which are information returns only.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by LRD and recognize a tax liability if LRD has taken an uncertain position that more likely than not would be sustained upon examination by various federal and

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

---

state taxing authorities. Management has analyzed the tax positions taken by LRD, and has concluded that as of December 31, 2022 and 2021, there are no uncertain positions taken or expected to be taken that would require recognition of the liability or disclosure in the accompanying financial statements. LRD is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax period in progress.

LRD has filed its federal and state income tax returns for periods through December 31, 2021. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three year from the later of the date the return was filed or its due date (including approved extensions).

### Accounting Standard Not Yet Adopted

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments (Topic 326)*. This new standard, which LRD is not required to adopt until its year ending December 31, 2023, is intended to improve financial reporting about expected credit losses on financial assets by requiring entities to use the new current expected credit loss approach that will generally result in the early recognition of allowance for credit losses. The standard also requires a formal process to estimate current expected credit losses and will require specific, supporting calculations of the allowance for doubtful accounts supported by the formal process.

LRD is presently evaluating the effect this ASU will have on its future financial statements, including related disclosures.

### Reclassification

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 presentation. Total net assets and change in net assets were unchanged due to these reclassifications.

### Subsequent Events

LRD evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through June 21, 2023, which is the date the financial statements were available to be issued.

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

---

### 3. INVESTMENTS

Investments consist of the following at December 31:

	2022	2021
Cash and cash equivalents	\$ 60,898	\$ 125,027
Open-end mutual funds	623,619	708,345
Common stocks	1,547,145	2,031,458
Closed-end mutual funds	239,043	245,786
Exchange-traded funds	42,870	81,866
Total investments	<u>\$ 2,513,575</u>	<u>\$ 3,192,482</u>

LRD holds investments which are exposed to various risks such as interest rates, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that the changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

The following schedule summarizes the investment return (including interest on cash and cash equivalents) for the years ended December 31:

	2022	2021
Dividends and interest	\$ 49,585	\$ 45,141
Less investment fees	<u>(35,191)</u>	<u>(36,256)</u>
	14,394	8,885
Realized gains on investments, net	51,662	294,846
Unrealized losses on investments, net	<u>(611,871)</u>	<u>(10,334)</u>
	<u>(560,209)</u>	<u>284,512</u>
	<u>\$ (545,815)</u>	<u>\$ 293,397</u>

At December 31, 2022, investments are held in nine accounts (eight accounts at December 31, 2021), with one broker. At December 31, 2022, 36% of LRD's investments were held in one open-end mutual fund, one closed-end mutual fund and one common stock, with individual percentages of 15%, 11%, and 10%. At December 31, 2021, 34% of LRD's investments were held in one open-end mutual fund and two common stocks, with individual percentages of 11%, 13%, and 10%.

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

---

### 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2022	2021
Land	\$ 64,175	\$ 64,175
Land improvements	60,828	60,828
Building and improvements	366,692	366,692
Equipment	135,879	128,234
Furniture and fixtures	124,568	124,568
Vehicles	24,836	24,836
	<u>776,978</u>	<u>769,333</u>
Less accumulated depreciation	(514,105)	(464,248)
	<u>\$ 262,873</u>	<u>\$ 305,085</u>

### 5. BENEFICIAL INTEREST IN PERPETUAL TRUST

LRD is the sole beneficiary and one-third beneficiary of two perpetual trusts. The assets of the trusts are held and managed by a third party trustee and are primarily invested in common stocks and other equities. Under the terms of the trusts, LRD has the irrevocable right to receive income earned on the trust assets in perpetuity, but never receives the assets held in the trusts.

LRD's beneficial interests in the trust is reflected as an assets in the statements of financial position in the amount of \$591,968 and \$754,948 at December 31, 2022 and 2021, respectively. This asset represents the fair value of the assets in the trusts at December 31, 2022 and 2021, respectively, which is the latest date for which such information is available. Three common stocks represent 49% of the trust's assets at December 31, 2022. Two common stocks represent 41% of the trust's asset at December 31, 2021.

LRD receives an annual return on these assets in accordance with the trusts policies and undistributed earnings are retained by the trustee. There were additional deposits of \$11,920 and \$18,013 by the trusts during the years ended December 31, 2022 and 2021, respectively, and distributions of \$42,550 and \$43,994 from these trusts during the years ended December 31, 2022 and 2021, respectively. The change in value of the beneficial interest in perpetual trust of (\$162,980) and \$84,617 for the years ended December 31, 2022 and 2021, respectively, includes realized and unrealized gains and losses, interest and dividends, and administration and investment fees.

### 6. LINE OF CREDIT

LRD has a \$1,000,000 revolving line of credit facility with a financial institution which has no maturity date as the facility is due on demand. Available borrowings are limited to the lesser of \$1,000,000 or a percentage of LRD's investment portfolio value. Borrowings under this facility

---



# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

---

bear interest at 0.5% below the financial institution's prime rate (7.0% at December 31, 2022). There were no borrowings under the line of credit at December 31, 2022 and 2021.

### **7. PAYCHECK PROTECTION PROGRAM (PPP)**

In February 2021, LRD received a low interest loan in the amount of \$248,895 under the PPP administered by the Small Business Administration (SBA). The PPP loan is unsecured, bears interest at 1% and funds advanced under the program are subject to forgiveness, if certain criteria is met, with the remaining balance repayable within two years of disbursement. The PPP loan may be forgivable to the extent that employers incur and spend the funds on qualified expenditures, which include payroll, employee health insurance, rent, utilities and interest costs during the covered period as defined by the PPP guidance. In addition, employers must maintain specified employment and wage levels during the pandemic and submit adequate documentation of such expenditures to qualify for loan forgiveness.

LRD has elected to treat this loan as a conditional contribution and has recognized contributions when the conditions for loan forgiveness have been met and forgiveness calculation has been complete. As of December 31, 2021, \$248,895 was recognized in contributions on the statement of activities.

### **8. FISCAL AGENT**

#### Survivor's Voices

During 2022 and 2021, 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 expression, 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, 2022 and 2021, cash held on behalf of SV was \$4,345, and is included in accrued expenses on the statements of financial position.

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

---

### 9. NET ASSETS

#### Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods at December 31:

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose:		
Client navigators	\$ 333,333	\$ 500,000
Camp Little Red Door	51,415	158,959
Transportation	54,167	-0-
Perpetual Trusts:		
Operations as investment income is distributed by trustees of perpetual trust	<u>591,968</u>	<u>754,948</u>
Total net assets with donor restrictions	<u>\$ 1,030,883</u>	<u>\$ 1,413,907</u>

#### Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows during the years ended December 31:

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose:		
Client navigators	\$ 166,667	\$ -0-
Camp Little Red Door	294,736	58,699
Transportation	<u>10,833</u>	<u>-0-</u>
	<u>\$ 472,236</u>	<u>\$ 58,699</u>

---

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

---

### 10. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table reflects LRD's financial assets, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date; that is, amounts that are without donor restrictions limiting their use at December 31:

	<u>2022</u>	<u>2021</u>
Financial assets		
Cash	\$ 336,949	\$ 717,878
Investments	2,513,575	3,192,482
Grants receivable	113,227	117,180
Pledges receivable	31,629	69,351
Beneficial interest in assets held by others	<u>591,968</u>	<u>754,948</u>
Total financial assets	3,587,348	4,851,839
Donor-imposed restrictions		
Purpose and time restrictions	(438,915)	(658,959)
Beneficial interest in assets held by others	(591,968)	(754,948)
Cash held for fiscal agent	<u>(4,345)</u>	<u>(4,345)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,552,120</u>	<u>\$ 3,433,587</u>

LRD is primarily supported by contributions and grants. Donor restrictions require resources to be used in a particular manner or in a future period and LRD must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. 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. In the event of an unanticipated liquidity need, LRD has available borrowings of \$1,000,000 through a line of credit (Note 6).

### 11. FAIR VALUE MEASUREMENTS

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that LRD 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
-

## LITTLE RED DOOR CANCER AGENCY, INC.

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

---

that are derived principally from or corroborated by observable market data by correlation or other means. If the assets or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

- *Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by LRD are open-end and closed-end mutual funds that are registered with the Securities and Exchange Commission. Open-end mutual funds are required to publish their daily net asset value (NAV) and to transact at that price. The NAV of a closed-end mutual fund is calculated by subtracting the funds liabilities from the current market value of its assets and dividing by the total number of shares outstanding. The NAV changes as the total value of the underlying portfolio securities rise or fall, or the fund's liabilities change. Because an exchange-listed closed-end fund's shares trade in the stock market based on investor demand, the fund may trade at a price higher (premium) or lower (discount) than its NAV based on market perceptions or investor sentiment. The mutual funds held by LRD are deemed to be actively traded.
- *Common stocks and exchange-traded funds:* Valued at the closing price as reported in the active market on which the individual securities are traded.
- *Beneficial interest in perpetual trust:* The fair value determination is based on the underlying assets, as reported by the trustee, held within the trust, substantially all of which are valued on a mark-to-market basis.

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

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

The following tables set forth by level within the fair value hierarchy, LRD's assets measured at fair value on a recurring basis as of December 31:

	2022			Total
	Level 1	Level 2	Level 3	
Open-end mutual funds				
Intermediate core bond	\$ 388,923	\$ -0-	\$ -0-	\$ 388,923
Diversified emerging markets	130,558	-0-	-0-	130,558
High-yield bond	44,622	-0-	-0-	44,622
Emerging markets bond	31,564	-0-	-0-	31,564
Other	27,952	-0-	-0-	27,952
Common stocks				
Technology	273,392	-0-	-0-	273,392
Healthcare	236,227	-0-	-0-	236,227
Industrials	235,512	-0-	-0-	235,512
Financial services	191,899	-0-	-0-	191,899
Consumer cyclical	152,961	-0-	-0-	152,961
Communication services	136,724	-0-	-0-	136,724
Consumer defensive	115,553	-0-	-0-	115,553
Basic materials	66,891	-0-	-0-	66,891
Energy	65,337	-0-	-0-	65,337
Utilities	38,665	-0-	-0-	38,665
Real estate	29,550	-0-	-0-	29,550
Other	4,434	-0-	-0-	4,434
Closed-end mutual funds				
Alternative strategies	239,043	-0-	-0-	239,043
Exchange traded funds	42,870	-0-	-0-	42,870
Total assets at fair value	<u>\$ 2,452,677</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>2,452,677</u>
Cash and cash equivalents				60,898
Total investments				<u>\$ 2,513,575</u>
Beneficial interest in perpetual trust	<u>\$ -0-</u>	<u>\$ 591,968</u>	<u>\$ -0-</u>	<u>\$ 591,968</u>

## LITTLE RED DOOR CANCER AGENCY, INC.

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

	2021			Total
	Level 1	Level 2	Level 3	
Open-end mutual funds				
Intermediate core bond	\$ 336,975	\$ -0-	\$ -0-	\$ 336,975
Diversified emerging markets	172,920	-0-	-0-	172,920
High-yield bond	50,513	-0-	-0-	50,513
Emerging markets bond	37,583	-0-	-0-	37,583
Short-term bond	78,755	-0-	-0-	78,755
Other	31,599	-0-	-0-	31,599
Common stocks				
Technology	407,528	-0-	-0-	407,528
Healthcare	274,548	-0-	-0-	274,548
Industrials	326,127	-0-	-0-	326,127
Financial services	228,383	-0-	-0-	228,383
Consumer cyclical	222,906	-0-	-0-	222,906
Communication services	164,838	-0-	-0-	164,838
Consumer defensive	152,142	-0-	-0-	152,142
Basic materials	82,067	-0-	-0-	82,067
Energy	57,764	-0-	-0-	57,764
Utilities	51,678	-0-	-0-	51,678
Real estate	33,263	-0-	-0-	33,263
Other	30,214	-0-	-0-	30,214
Closed-end mutual funds				
Alternative strategies	245,786	-0-	-0-	245,786
Exchange traded funds	81,866	-0-	-0-	81,866
Total assets at fair value	<u>\$ 3,067,455</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	3,067,455
Cash and cash equivalents				125,027
Total investments				<u>\$ 3,192,482</u>
Beneficial interest in perpetual trust	<u>\$ -0-</u>	<u>\$ 754,948</u>	<u>\$ -0-</u>	<u>\$ 754,948</u>

## 12. UNITED WAY

LRD received public support from the United Way for the years ended December 31 as follows:

	2022	2021
Grants		
Basic Needs Impact Funds	\$ 150,000	\$ 200,000
Technology Fund	11,936	-0-
Individuals		
Donor option	63,014	86,505
	<u>\$ 224,950</u>	<u>\$ 286,505</u>

# LITTLE RED DOOR CANCER AGENCY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

---

Program expenditures for 2022 and 2021 exceeded public support funds received from the United Way.

At December 31, 2022 and 2021, \$10,000 was accrued for the United Way Capital Improvements Facilities Maintenance Fund, which is included in the United Way Maintenance Reserve liability.

### 13. 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 4.5% of gross salary. LRD contributed \$28,639 and \$30,494 for the years ended December 31, 2022 and 2021, respectively.

### 14. RELATED PARTY TRANSACTIONS

For the years ended December 31, 2022 and 2021, total contributions of \$184,908 and \$160,753, respectively, were received from members of LRD's Board of Directors and employees.

### 15. CONCENTRATION OF CREDIT RISK

#### Concentration of Credit Risk

LRD maintains its cash in primarily in one financial institution with balances which generally 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.

#### Funding Concentrations

During the year ended December 31, 2022, one donor accounted for approximately 10% of total contributions. Additionally, two grantors accounted for 60% of gross grants and pledges receivable as of December 31, 2022. During the year ended December 31, 2021, one donor accounted for approximately 20% of total contributions. Additionally, one grantor account for 52% of gross grants and pledges receivable as of December 31, 2021.