

Audited Financial Statements

Cancer Support Team, Inc.

December 31, 2013

**CANCER SUPPORT TEAM, INC.
FINANCIAL STATEMENT
DECEMBER 31, 2013**

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MAIER
MARKEY &
JUSTIC LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cancer Support Team, Inc.

We have audited the accompanying financial statements of Cancer Support Team, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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 Team, Inc. as of December 31, 2013, and the changes in 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Maier Kohnberg + Justice LLP

White Plains, New York
September 3, 2014

CANCER SUPPORT TEAM, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

| | |
|--|---------------------|
| ASSETS | |
| Cash and cash equivalents - unrestricted | \$ 305,439 |
| Cash and cash equivalents - temporarily restricted | 152,649 |
| Investments | 897,501 |
| Grant receivables | 76,282 |
| Prepaid expenses | 12,216 |
| Security deposit | 14,574 |
| Total assets | <u>\$ 1,458,661</u> |
| | |
| LIABILITIES | |
| Accounts payable and accrued expenses | \$ 17,272 |
| Straight line rent liability | 20,356 |
| Total liabilities | <u>37,628</u> |
| | |
| NET ASSETS | |
| Unrestricted - general | 501,790 |
| Unrestricted - board designated | 732,037 |
| Temporarily restricted | 187,206 |
| Total net assets | <u>1,421,033</u> |
| Total liabilities and net assets | <u>\$ 1,458,661</u> |

See accompanying notes and auditor's report.

**CANCER SUPPORT TEAM, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013**

| | TEMPORARILY | | TOTAL |
|--|---------------------|-------------------|---------------------|
| | UNRESTRICTED | RESTRICTED | |
| SUPPORT AND REVENUE | | | |
| Contributions | \$ 166,114 | \$ 50,100 | \$ 216,214 |
| Grants | 376,901 | 167,095 | 543,996 |
| Special events | 143,092 | - | 143,092 |
| Dividend income | 35,301 | - | 35,301 |
| Interest income | 40 | 411 | 451 |
| Net realized and unrealized investment gains and losses | 24,937 | - | 24,937 |
| Net assets released from restriction | 219,886 | (219,886) | - |
| Total support and revenue | <u>966,271</u> | <u>(2,280)</u> | <u>963,991</u> |
| EXPENSES | | | |
| Program services | 805,230 | - | 805,230 |
| Support services - management and general | 228,381 | - | 228,381 |
| Fundraising | 51,457 | - | 51,457 |
| Total expenses | <u>1,085,068</u> | <u>-</u> | <u>1,085,068</u> |
| CHANGE IN NET ASSETS | (118,797) | (2,280) | (121,077) |
| NET ASSETS AT BEGINNING OF YEAR | <u>1,352,624</u> | <u>189,486</u> | <u>1,542,110</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 1,233,827</u> | <u>\$ 187,206</u> | <u>\$ 1,421,033</u> |

See accompanying notes and auditor's report.

CANCER SUPPORT TEAM, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

| | |
|--|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Change in net assets | \$ (121,077) |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | |
| Unrealized (gain) loss on investments | (20,328) |
| (Increase) decrease in: | |
| Grant receivables | (48,380) |
| Prepaid expenses | 5,211 |
| Increase (decrease) in: | |
| Accounts payable and accrued expenses | 1,738 |
| Straight line rent liability | <u>(3,327)</u> |
| Net cash used by operating activities | <u>(186,163)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Sale of investments | 447,776 |
| Purchases of investments | <u>(325,748)</u> |
| Net cash provided by investing activities | <u>122,028</u> |
| Net decrease in cash and cash equivalents | (64,135) |
| Cash and cash equivalents at beginning of year | <u>522,223</u> |
| Cash and cash equivalents at end of year | <u><u>\$ 458,088</u></u> |

See accompanying notes and auditor's report.

CANCER SUPPORT TEAM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1 – Nature of business and summary of significant accounting policies

Organization and tax exempt status

Cancer Support Team, Inc. (“the Organization”) was established to provide professional nursing, social work, and other supportive services to cancer patients and their families living in lower Westchester County, New York. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Uncertain tax positions

The Financial Accounting Standards Board (“FASB”) issued Codification Topic 740, Accounting for Income Taxes, for nonpublic organizations, which requires entities to disclose in their financial statements the nature of any uncertainty in their tax position. For tax-exempt entities, their tax-exempt status itself is deemed to be an uncertainty in their tax position, since events could potentially occur to jeopardize their tax exempt status. The Organization’s accounting policy for evaluating uncertain tax positions is in accordance with generally accepted accounting principles. The Organization has not recognized any benefits from uncertain tax positions during the audit period and believes it has no uncertain tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within twelve months of the statement of financial position date.

The Organization’s federal income tax returns for tax years 2009 and beyond remain subject to examination.

Use of estimates

The preparation of financial statements in conformity 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 financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Basis of presentation

These financial statements and accompanying notes are prepared in accordance with United States generally accepted accounting principles (“GAAP”).

Cash and cash equivalents

The Organization considers, for purposes of the statement of cash flows, that all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Property and equipment

Purchased property and equipment are stated at cost and donated items are recorded at their estimated fair value at the date of receipt. The Organization provides for depreciation over the estimated useful lives of the assets using the straight-line method.

CANCER SUPPORT TEAM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1 – Nature of business and summary of significant accounting policies (continued)

Property and equipment (continued)

Maintenance and repairs of property and equipment are charged to operations, and major improvements are capitalized.

Promises to give and revenue recognition

Contributions and grants are recognized as revenue when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions and grants that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Grants receivable

Grants that are expected to be collected within one year are recorded at their net realizable value. Grants that are expected to be collected in future years are recorded at present value of the amount expected to be collected. The discount on those amounts is computed using an imputed interest rate applicable to the year in which the grant is received.

Functional allocation of expenses

The costs of programs, management and general and fund raising have been summarized on a functional basis in the statement of activities. Expenses are charged to program services, management and general and financial development based on a combination of specific identification and allocation by management.

Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Financial statement presentation

The net assets of the Organization and changes therein are classified as follows:

Unrestricted net assets – All funds not restricted by a donor or grantor. These include the following:

- General fund – This fund includes all of the unrestricted resources available for the support of the Organization's operations.
- Board designated fund – This fund includes all of the funds received by the Organization, which have been designated by the Board for specific purposes.

Temporarily restricted net assets – Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as a net asset released from restrictions.

**CANCER SUPPORT TEAM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

Note 1 – Nature of business and summary of significant accounting policies (continued)

Financial statement presentation (continued)

Permanently restricted net assets – Permanently restricted net assets are those assets which have a donor-imposed restriction stipulating that resources be maintained permanently. The Organization currently has no permanently restricted net assets.

Net asset classifications

The Organization adopted Accounting Standards Codification (“ASC”) 958-205, “Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) , and Enhanced Disclosures for all Endowment Funds”. ASC 958-205 requires that disclosures be made on the Organization’s endowments by net asset classifications. On September 17, 2010, New York State enacted the New York Prudent Management of Institutional Funds Act (“NYPMIFA”). This law, which is a modified version of UPMIFA, makes significant changes to the rules governing how New York not-for-profit organizations may manage, invest and spend their endowment funds. The new law is designed to allow organizations to cope more easily with fluctuations in the value of their endowments and to afford them greater access to funds needed to support their programs and services in difficult financial times. This should provide some relief to organizations that, due to the recent economic downturn, have found themselves with underwater endowments. It also expands the options available to organizations seeking relief from donor restrictions on funds that have become obsolete, impracticable or wasteful. NYPMIFA applies to New York not-for-profit, education and religious corporations, associations organized and operated exclusively for charitable purposes, and certain trusts.

Note 2 – Investments

Investments presented in the financial statements are comprised of the following at December 31, 2013:

| | <u>Cost</u> | <u>Market</u> |
|--------------------|-------------------|-------------------|
| Mutual funds | \$ 810,944 | \$ 897,268 |
| Money market funds | <u>233</u> | <u>233</u> |
| | <u>\$ 811,177</u> | <u>\$ 897,501</u> |

Net realized and unrealized (losses) gains on investments are as follows as of December 31, 2013:

| | |
|-------------------------------|------------------|
| Net realized gains | \$ 4,609 |
| Net unrealized gains/(losses) | <u>20,328</u> |
| | <u>\$ 24,937</u> |

CANCER SUPPORT TEAM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 2 – Investments (continued)

The Organization's adoption of Financial Accounting Standards Board Statement, Accounting Standards Codification 820 ("FASB ASC 820") 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 I measurements) and the lowest priority to unobservable inputs (Level III measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level I—Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I include listed equities, securities and listed derivatives. As required by FASB ASC 820, the Organization does not adjust the quoted price for these investments, even in situations where the Organization holds a large position and a sale could reasonably impact the quoted price.

Level II—Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate and municipal bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives. As of December 31, 2013, the Organization does not have any Level II investments.

Level III—Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include general and limited partnership interests in corporate private equity and real estate funds, mezzanine funds, funds of hedge funds, distressed debt and non-investment grade residual interests in securitizations and collateralized debt obligations. As of December 31, 2013, the Organization does not have any Level III investments.

The asset's 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.

The 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, 2013.

Mutual funds: Valued at the net assets value of shares held by the Organization at year end.

Money market fund: Valued at the net asset value of shares held at year end, which is generally intended to approximate one dollar per share.

**CANCER SUPPORT TEAM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

Note 2 – Investments (continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 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 summarizes the levels within the fair value hierarchy that the Organization's investments fall into as of December 31, 2013:

| <u>Type</u> | <u>Level I</u> | <u>Level II</u> | <u>Level III</u> | <u>Total</u> |
|--------------------|-------------------|-----------------|------------------|-------------------|
| Mutual funds | \$ 897,268 | \$ - | \$ - | \$ 897,268 |
| Money market funds | <u>233</u> | <u>-</u> | <u>-</u> | <u>233</u> |
| Total | <u>\$ 897,501</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 897,501</u> |

Note 3 – Property and equipment

Property and equipment consist of the following at December 31, 2013:

| | |
|------------------------------------|---------------|
| Equipment and furniture & fixtures | \$ 36,768 |
| Accumulated depreciation | <u>36,768</u> |
| | <u>\$ -</u> |

There was no depreciation expense for the year ended December 31, 2013 as all assets have been fully depreciated in prior years.

Note 4 – Lease commitment

In May 2012, the Organization signed a new lease for the use of office space under an operating lease which expires in 2017. Rent expense of \$84,119 related to the lease on a straight-line basis is included as part of the rent and related charges on the statement of functional expenses for the year ended December 31, 2013.

Future minimum lease payments in each of the years subsequent to December 31, 2013 are as follows:

| | |
|------|-------------------|
| 2014 | \$ 87,446 |
| 2015 | 88,080 |
| 2016 | 91,248 |
| 2017 | <u>76,040</u> |
| | <u>\$ 342,814</u> |

CANCER SUPPORT TEAM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 5 – Employee benefit plan

The Organization sponsors a qualified defined contribution plan (“403(b) plan”). Upon employment, all employees are eligible to participate in the plan. Each participant may elect to reduce their compensation and have such amounts deposited into the 403(b) plan subject to statutory limits on 403(b) plan contributions. The Organization does not contribute to this plan.

Note 6 – Board designated endowment

The Organization created an endowment fund to provide shut-down costs if ever required and to hold large bequests and funds in excess of those determined to be required to be maintained in the Organization’s general operating account. The Organization does not have donor-restricted endowment funds. The endowment fund consists of three separate reserves:

- Shut down/contingency reserve – This fund is to be maintained at the amount estimated to be sufficient to cover a three or four month orderly shut-down of the Organization.
- Operating reserve – This fund is to be maintained at one month of operating expenses.
- Endowment reserve – This fund is the balance of the funds in the account and repository of all gains or losses.

Interpretation of relevant law

The Board of Directors of the Organization has interpreted the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) as requiring the preservation of the fair value of the original funds appropriated by the Board of Directors. As a result of this interpretation, the Organization classifies as board designated unrestricted net assets (a) the original value of funds appropriated to the board designated endowment, (b) the original value of subsequent funds appropriated to the board designated endowment, and (c) accumulations to the board designated endowment made in accordance with the direction of the Board of Directors. In accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate board designated endowment funds:

1. the duration and preservation of the fund;
2. the purposes of the organization and the board designated endowment fund;
3. general economic conditions;
4. the possible effect of inflation and deflation;
5. the expected total return from income and the appreciation of investments;
6. other resources of the organization; and
7. the investment policies of the organization.

Return objectives and risk parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the program supported by its endowment

**CANCER SUPPORT TEAM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

Note 6 – Board designated endowment (continued)

while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to provide, in priority order: 1) safety of principal, 2) liquidity for operating needs, 3) diversification of risk and 4) maximization of yield.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy designed to provide a reasonable level of annual distributions to general operating funds and to provide for the long-term preservation of the endowment fund.

Invested assets are managed in a socially responsible manner with the goal of protecting principal while generating income appropriate to conservative investment strategy with strict ethical and fiscal principles.

Spending policy

The total amount to be allocated for disbursement from the endowment reserve shall be determined by a simple majority vote of the Organization's Board of Directors at the annual Board meeting when the Organization's operating budget for the ensuing year and the balances in the endowment reserve are reviewed. Determination of the total amount of disbursements shall be based on the market value of the endowment reserve as of December 31st of the prior year. Any funds allocated for disbursement that are not disbursed in the Organization's fiscal year for which the funds are approved, are to be returned to the endowment fund for future use under the allocation limits.

Changes in Endowment Net Assets
For the year ended December 31, 2013

| | <u>Total</u> <u>Unrestricted</u> |
|---|-------------------------------------|
| Endowment net assets, beginning of the year | \$ 735,002 |
| Interest and dividends, net of investment expense | 18,547 |
| Change in value of investments | 33,795 |
| Amounts appropriated for expenditure | <u>(55,307)</u> |
| Change in endowment net assets | (2,965) |
| Endowment net assets, end of the year | <u>\$ 732,037</u> |

CANCER SUPPORT TEAM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 7 – Temporarily restricted net assets

Temporarily restricted net assets are available for the following purposes as of December 31, 2013:

| | |
|---|-------------------|
| Payroll for nursing, social work, and case managers | \$ 154,535 |
| Financial assistance | 29,571 |
| Other | <u>3,100</u> |
| | <u>\$ 187,206</u> |

These assets consist of the restricted cash of \$152,649 as well as \$34,557 included in grant receivables on the statement of financial position.

Note 8 – Special events revenue

The Organization holds special events during the year. In 2013, the Organization had a Women’s Health Lunch and a Spring Cocktail party fundraiser.

Note 9– Concentration of credit risk

The Organization maintains its cash and cash equivalents in accounts that are insured by the U.S. Federal Deposit Insurance Corporation (“FDIC”). Throughout the year the bank balances may exceed the limit insured by the FDIC.

A major contributor of the Organization is Swim Across America. During 2013, this entity contributed \$350,000 to the Organization. This represented 36% of total revenue for the year.

Note 10 – Subsequent events

Management has evaluated all subsequent events or transactions for potential recognition or disclosure through September 3, 2014, the date these financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**CANCER SUPPORT TEAM, INC.
SUPPLEMENTARY INFORMATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013**

| | SUPPORT SERVICES - | | | |
|---|--------------------------------|-------------------|------------------|---------------------|
| | PROGRAM MANAGEMENT SERVICES | AND GENERAL | FUNDRAISING | TOTAL |
| Salaries, employee benefits and payroll taxes | \$ 664,062 | \$ 172,861 | \$ 6,264 | \$ 843,187 |
| Rent and related charges | 63,334 | 22,082 | - | 85,416 |
| Special events costs | - | - | 36,819 | 36,819 |
| Patient assistance | 26,242 | - | - | 26,242 |
| Community service | 27,764 | - | - | 27,764 |
| Professional fees | - | 22,105 | - | 22,105 |
| Special projects | 1,060 | - | - | 1,060 |
| Printing & postage | 2,114 | 1,454 | 5,590 | 9,158 |
| Equipment and leases | 4,259 | 1,520 | - | 5,779 |
| Personnel | 5,023 | 38 | - | 5,061 |
| Bank and credit card fees | - | 410 | 2,784 | 3,194 |
| Website | 1,097 | - | - | 1,097 |
| Supplies | 2,630 | 2,762 | - | 5,392 |
| Insurance | 4,575 | - | - | 4,575 |
| Grant expense | 799 | - | - | 799 |
| Payroll service fee | - | 3,376 | - | 3,376 |
| Miscellaneous | - | 1,092 | - | 1,092 |
| Telephone | 2,271 | 681 | - | 2,952 |
| Total expense | <u>\$ 805,230</u> | <u>\$ 228,381</u> | <u>\$ 51,457</u> | <u>\$ 1,085,068</u> |

See accompanying notes and auditor's report.