

CANCER ALLIANCE OF NAPLES, INC.
FINANCIAL STATEMENTS TOGETHER WITH
REPORT OF INDEPENDENT AUDITOR
Years Ended
June 30, 2020 and 2019

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American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Cancer Alliance of Naples, Inc.
3384 Woods Edge Circle Suite #102
Bonita Springs, Florida 34134

Report on the Financial Statements

We have audited the accompanying financial statements of Cancer Alliance of Naples, Inc. (a Florida not-for-profit corporation) (the "Organization"), which comprise the statements of financial position as of June 30, 2020 and 2019, 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 Organization'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 Organization's internal control. Accordingly, we

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Board of Directors
Cancer Alliance of Naples, Inc.
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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, based on our audits, the financial statements referred to above present fairly, in all material respects, the financial position of Cancer Alliance of Naples, Inc. as of June 30, 2020 and 2019, 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.

A handwritten signature in black ink that reads "Tuscan & Company, P.A." The signature is written in a cursive, flowing style.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
November 16, 2020

CANCER ALLIANCE OF NAPLES, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

ASSETS	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents (including restricted cash of \$20,199 and \$41,124)	\$ 441,034	\$ 547,705
Prepays and other	<u>4,812</u>	<u>6,108</u>
TOTAL CURRENT ASSETS	445,846	553,813
BENEFICIAL INTEREST IN ASSETS	46,072	36,754
PROPERTY AND EQUIPMENT, NET	<u>433,030</u>	<u>443,444</u>
TOTAL ASSETS	<u>\$ 924,948</u>	<u>\$1,034,011</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 8,869	\$ 15,099
Current portion of long term debt	<u>10,605</u>	<u>15,130</u>
TOTAL CURRENT LIABILITIES	19,474	30,229
LONG TERM DEBT, net of current portion	352,312	312,443
COMMITMENTS AND CONTINGENCIES	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>371,786</u>	<u>342,672</u>
NET ASSETS		
Without donor restrictions	532,963	650,215
With donor restrictions	<u>20,199</u>	<u>41,124</u>
TOTAL NET ASSETS	<u>553,162</u>	<u>691,339</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 924,948</u>	<u>\$1,034,011</u>

The accompanying notes are an integral part of this statement.

CANCER ALLIANCE OF NAPLES, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
CHANGES IN NET ASSETS						
PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS						
Special events and fundraising	\$ 448,639	\$ -	\$ 448,639	\$ 579,038	\$ -	\$ 579,038
Less: direct costs	(164,038)	-	(164,038)	(193,973)	-	(193,973)
Net proceeds from special events and fundraising	284,601	-	284,601	385,065	-	385,065
Contributions and other grants	70,736	345,077	415,813	109,562	435,808	545,370
Memorial gifts and other	5,720	-	5,720	4,538	-	4,538
Investment and other income (losses)	(1,098)	-	(1,098)	1,040	-	1,040
TOTAL PUBLIC SUPPORT AND REVENUES	359,959	345,077	705,036	500,205	435,808	936,013
Net assets released from restrictions:						
Satisfaction of program restrictions	366,002	(366,002)	-	423,109	(423,109)	-
TOTAL PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS	725,961	(20,925)	705,036	923,314	12,699	936,013
EXPENSES						
Program services	713,817	-	713,817	619,867	-	619,867
General and administrative	57,846	-	57,846	106,398	-	106,398
Fundraising	71,550	-	71,550	50,033	-	50,033
TOTAL EXPENSES	843,213	-	843,213	776,298	-	776,298
INCREASE (DECREASE) IN NET ASSETS	(117,252)	(20,925)	(138,177)	147,016	12,699	159,715
NET ASSETS, BEGINNING OF YEAR	650,215	41,124	691,339	503,199	28,425	531,624
NET ASSETS, END OF YEAR	\$ 532,963	\$ 20,199	\$ 553,162	\$ 650,215	\$ 41,124	\$ 691,339

The accompanying notes are an integral part of this statement.

CANCER ALLIANCE OF NAPLES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2020 and 2019

	2020					2019				
	Program Services	Supporting Services		Total Supporting Services	Total	Program Services	Supporting Services		Total Supporting Services	Total
		General and Administrative	Fundraising				General and Administrative	Fundraising		
Salaries	\$ 177,267	\$ 22,814	\$ 52,103	\$ 74,917	\$252,184	\$ 118,953	\$ 62,290	\$ 39,259	\$ 101,549	\$ 220,502
Taxes and benefits	18,769	2,415	5,516	7,931	26,700	13,444	6,971	4,481	11,452	24,896
Total salaries and related expenses	196,036	25,229	57,619	82,848	278,884	132,397	69,261	43,740	113,001	245,398
Beneficiary assistance	394,078	-	-	-	394,078	379,232	-	-	-	379,232
Beneficiary programs & events	37,220	-	-	-	37,220	29,794	-	-	-	29,794
Building maintenance & expense	17,327	3,249	1,083	4,332	21,659	14,343	4,781	-	4,781	19,124
Conferences and meetings	1,287	2,286	827	3,113	4,400	2,307	5,074	1,845	6,919	9,226
Credit card and bank fees	3,423	1,811	4,700	6,511	9,934	3,534	1,413	2,120	3,533	7,067
Depreciation	12,011	2,252	751	3,003	15,014	12,475	3,119	-	3,119	15,594
Insurance	5,707	968	760	1,728	7,435	5,356	1,339	-	1,339	6,695
Interest expense	9,838	1,845	615	2,460	12,298	10,183	2,546	-	2,546	12,729
Miscellaneous	-	517	-	517	517	-	50	-	50	50
Office	17,493	4,455	2,590	7,045	24,538	13,281	6,542	-	6,542	19,823
Payroll service fees	2,055	265	604	869	2,924	1,568	874	129	1,003	2,571
Professional fees	17,342	14,969	2,001	16,970	34,312	15,397	11,399	2,199	13,598	28,995
Total expenses	<u>\$ 713,817</u>	<u>\$ 57,846</u>	<u>\$ 71,550</u>	<u>\$ 129,396</u>	<u>\$843,213</u>	<u>\$ 619,867</u>	<u>\$ 106,398</u>	<u>\$ 50,033</u>	<u>\$ 156,431</u>	<u>\$ 776,298</u>

The accompanying notes are an integral part of this statement.

CANCER ALLIANCE OF NAPLES, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from donors and other operating activities	\$ 798,243	\$ 1,037,201
Cash paid to suppliers and employees	(916,472)	(843,533)
Interest and investment income	37	-
Interest paid	<u>(9,223)</u>	<u>(12,729)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(127,415)</u>	<u>180,939</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Contribution to beneficial interest	(10,000)	-
Purchases of property and equipment	<u>(4,600)</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(14,600)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of debt	48,739	
Principal payments on long term debt	<u>(13,395)</u>	<u>(14,412)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>35,344</u>	<u>(14,412)</u>
Net increase (decrease) in cash and cash equivalents	(106,671)	166,527
CASH AND CASH EQUIVALENTS - BEGINNING	<u>547,705</u>	<u>381,178</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 441,034</u>	<u>\$ 547,705</u>

The accompanying notes are an integral part of this statement.

CANCER ALLIANCE OF NAPLES, INC.
STATEMENTS OF CASH FLOWS, CONTINUED
Years Ended June 30, 2020 and 2019

**RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES**

	<u>2020</u>	<u>2019</u>
Increase (decrease) in Net Assets	\$ (138,177)	\$ 159,715
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided By (Used In) Operating Activities		
Depreciation	15,014	15,594
Investment and other (income) loss	1,135	(1,040)
(Increase) decrease in prepaids and other	843	6,196
Increase (decrease) in accounts payable and accrued liabilities	<u>(6,230)</u>	<u>474</u>
TOTAL ADJUSTMENTS	<u>10,762</u>	<u>21,224</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (127,415)</u>	<u>\$ 180,939</u>

NON-CASH TRANSACTIONS

Non-cash operating activities (in-kind) have been eliminated and include the following for the year ended June 30:

	<u>2020</u>	<u>2019</u>
Support and revenues		
Special events and fundraising	\$ 64,730	\$ 87,245
Contributions and other grants	<u>7,199</u>	<u>4,500</u>
	<u>\$ 71,929</u>	<u>\$ 91,745</u>
Expenses		
Special events and fundraising	\$ 64,730	\$ 87,245
Office	<u>7,199</u>	<u>4,500</u>
	<u>\$ 71,929</u>	<u>\$ 91,745</u>

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and description of activities

Cancer Alliance of Naples, Inc. (the "Organization"), is a Florida not-for-profit corporation established in October 2002 that operates in Southwest Florida. Both the mission and the primary program of the Organization is to improve the quality of life of local individuals and families affected by cancer by providing need-based non-medical financial assistance, resources and support to local cancer patients and their families. Cancer patients turn to Cancer Alliance of Naples when they have nowhere else to turn. Once a family member is diagnosed, they are affected physically, emotionally and financially. Cancer Alliance of Naples ensures that no one must choose between putting food on the table or filling a prescription. Financial aid is based on requirements that include, but are not limited to, household income, residency and a physician's verification of diagnosis and treatment plan. All other programs that are offered, outside of financial aid, do not require verification of any of the above and are free to anyone in the cancer community. Cancer Alliance of Naples serves children and adults and is non-cancer specific.

Cancer Alliance of Naples serves over 1,100 cancer patients a year in financial aid, referrals, resources and free support services. Financial aid includes direct assistance with rent, utilities, car, childcare, gas, food, and other necessity items during the time of cancer treatment. Cancer Alliance of Naples serves Collier and Lee County. In addition to financial aid, programs include: Cancer Resource Navigators – provide support and assistance for cancer patients and match other local and national cancer resources; CANcare Bags – providing support items for cancer patients in treatment; Wig Closet – including wigs, headdresses and hats; Breast Cancer Support Bags & Mastectomy Items – fitting for prosthetics and mastectomy bras; Cancer mental health groups – in English, Spanish & Creole; Food for Life Program – cancer research based cooking and nutritional program; Cancer family events and outings – partnering with other agencies and community groups; iCAN Volunteer Program – which partners with community agencies like United Way, universities and colleges to provide service hours and internship opportunities. The Organization additionally operates a program named KidsCAN, which is comprised of high school students who 1) provide community service 2) learn leadership skills 3) raise money and award college scholarships for local high school graduating seniors who are battling cancer or who have a member of the family with cancer. CAN awards these scholarships annually.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of accounting

The accounting and reporting policies of the Organization conform to accounting principles generally accepted in the United States of America and are in accordance with the audit guide issued by the American Institute of Certified Public Accountants, "Not-for-Profit Organizations" and the accounting standards issued by the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC).

The Organization prepares its financial statements on the accrual basis of accounting. Grant revenues are recorded as support when performance occurs under the terms of the specific grant agreement. Grant revenue includes all resources received from another entity in accordance with an entitlement or grant document.

Financial statement presentation

The financial statement presentation follows the recommendations of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-225-45-1 (formerly Statement of Financial Accounting Standards (SFAS) No. 117), "Financial Statements of Not-for-Profit Organizations". Under FASB ASC 958-225-45-1, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: Net assets without donor restrictions and net assets with donor restrictions.

The Organization reports its contributions in accordance with FASB ASC 958-605-50-2. In accordance with FASB ASC 958-605-50-2, contributions received are recorded as with donor restriction or without donor restriction depending on the existence and/or nature of any donor restrictions. Under FASB ASC 958-605-50-2, such contributions are required to be reported as contributions with donor restriction and are then reclassified to net assets without donor restriction upon expiration of the time restriction or compliance with the purpose restriction.

Cash and cash equivalents

For the purpose of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Investments

Investments are generally carried at fair value. Marketable securities are carried at fair value. The Organization has the ability to and intends to hold these investments for the foreseeable future. Gains and losses are determined using the specific identification method when securities are sold or mature. Due to the type and nature of investments held, any related gain or loss is reflected as investment income. Unrealized appreciation or depreciation of the investments is considered immaterial but is separately reflected in the financial statements. Related investment fees are considered insignificant.

Investment income includes interest and dividend income as well as realized and unrealized gains and losses and may be classified as either with donor restriction or without donor restriction when earned, determined according to the donor's imposed restrictions or the Board of Directors Policy. All interest income earned is classified as without donor restriction.

Fair value of financial instruments

The FASB ASC Topic "Financial Instruments" clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

The Organization's short term financial instruments consist of cash and cash equivalents, receivables, payables, and accrued liabilities. The Organization estimates that the fair value of all financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying Statements of Financial Position.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Property and equipment

The Organization's policy is to capitalize assets with a cost of \$1,000 or more and a useful life greater than one (1) year. Property and equipment is recorded at cost, except for donated items (used in operations of the Organization) which are recorded at fair market value as of the date received. Assets are depreciated using the straight-line method over their respective estimated lives, as follows:

<u>Fixed Asset Category</u>	<u>Useful Lives</u>
Building and improvements	5-39 years
Office and computer equipment	3-10 years
Furniture and equipment	3-10 years

Impairment of fixed assets

The Organization adheres to FASB ASC 360-10-50-2 (formerly SFAS No. 144), "Accounting for the Impairment or Disposal of Long-Lived Assets." FASB ASC 360-10-50-2 requires, among other things, that entities identify events or changes in circumstances which indicate that the carrying amount of an asset may not be recoverable.

There was no effect on the Organization's financial statements resulting from FASB ASC 360-10-50-2 for the years ended June 30, 2020 and 2019, respectively.

Advertising costs

The Organization's policy is to expense advertising costs as such costs are incurred.

Compensated absences

No amounts have been recorded due to employees for the accrued compensated absences as employees are not entitled to such compensation.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Contributions

In order to observe restrictions which donors place on grants and other gifts, as well as designations made by the Board of Directors, all assets, liabilities and activities are accounted for in the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions. and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors. This classification included Board designated net assets.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions include:

Temporarily Restricted Net Assets - subject to donor-imposed stipulations that may be fulfilled by actions of the Organization to meet the stipulations or become unrestricted at the date specified by the donor.

Permanently Restricted Net Assets - subject to donor-imposed stipulations that they be retained and invested permanently by the Organization. The donors require the Organization use all or part of the investment return on these net assets for specified or unspecified purposes. The Organization did not have any permanently restricted net assets as of June 30, 2020 or 2019.

Donated services

A number of volunteers, including the Board of Directors, have donated significant amounts of their time and expertise to the Organization's programs and supporting services. No amount has been reflected in the financial statements for these donated services, inasmuch as no objective basis is available to measure the value of such services. Although, donated services from professionals have been recorded as offsetting revenues and expenses.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Revenue recognition

All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. Donor restricted contributions, whose restrictions are met in the same reporting period, are reported as unrestricted (net assets without donor restrictions) support.

Functional expenses

The cost of providing the various programs and other activities has been detailed in the Statements of Functional Expenses and summarized on a functional basis in the Statements of Activities. Expenses that can be identified with a specific program service are charged directly to that program, according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases. The Board of Directors routinely approves the method of allocating expenses.

Income taxes

No provision for income tax expense has been made in the accompanying financial statements since the Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3). In addition, the Organization is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. Management believes the Organization met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax. The Organization's income tax returns for the past three years are open and subject to examination by tax authorities, and may change upon examination. The Organization reports no unrelated business taxable income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Accounting for Uncertainty in Income Tax Items

The Financial Accounting Standards Board has issued guidance on accounting for uncertainty in income taxes and the Organization has adopted this guidance. The Organization has evaluated its tax provision and any estimates utilized in its tax returns, and concluded that it has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expenses, if required.

Management 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 the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events

Subsequent events have been evaluated through November 16, 2020 which is the date the financial statements were available to be issued. Management of the Organization is not aware of any material subsequent events.

NOTE B - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Depository accounts	<u>\$ 441,034</u>	<u>\$ 547,705</u>

At June 30, 2020 and 2019, restricted cash balance was \$20,199 and \$41,124 respectively and is reflected in net assets with donor restrictions.

Concentration of credit risk

The Organization maintains its cash and cash equivalent balances at a financial institution which at times may exceed federally insured limits. The cash and cash equivalents are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The uninsured bank balance as of June 30, 2020 and 2019 was \$185,340 and \$319,044, respectively. The Organization has not experienced any economic losses on such account. The Organization believes it is not exposed to any significant credit risk regarding its cash balances.

NOTE C - FAIR VALUE MEASUREMENTS

The following table presents the Organization's fair value hierarchy for the assets measured at fair value in the accompanying Statements of Financial Position as of June 30, 2020 and 2019, as well as changes in Level 3 input during the years ended June 30, 2020 and 2019.

In accordance with FASB ASC 820, the Organization uses fair value measurements to record adjustments to certain assets. FASB ASC 820 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." The Codification also sets out a fair value hierarchy ranking the levels of the inputs used as assumptions in the valuation techniques used to value an asset or liability. The fair value hierarchy gives the highest priority to quoted prices in an active market for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of hierarchy are described as follows:

NOTE C - FAIR VALUE MEASUREMENTS, CONTINUED

Level 1 - inputs are quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date. An active market is a market in which transactions of the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include quoted market prices of similar assets or liabilities in active markets, quoted market prices for identical or similar assets or liabilities in markets that are not active, and pricing models developed principally from inputs from or corroborated by observable market data by correlation or other means.

Level 3 - inputs are unobservable and allowed in situations where there is little, if any, market activity for the asset or liability at measurement date. These inputs reflect the reporting entity's own assumptions about factors that would be used by market participants. (See Note E for Level 3 activity.)

The Organization uses appropriate valuation techniques based on the available inputs to measure fair value of investments.

The following table presents the fair value hierarchy for the Organization's assets measured at fair value as of June 30:

	2020			
	Fair Value	Fair Value Measurements Using:		
	Fair Value	Level 1	Level 2	Level 3
Beneficial interest in assets				
held at community foundation	\$ 46,072	\$ -	\$ -	\$ 46,072
Total	<u>\$ 46,072</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,072</u>
	2019			
	Fair Value	Fair Value Measurements Using:		
	Fair Value	Level 1	Level 2	Level 3
Beneficial interest in assets				
held at community foundation	\$ 36,754	\$ -	\$ -	\$ 36,754
Total	<u>\$ 36,754</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,754</u>

NOTE C - FAIR VALUE MEASUREMENTS, CONTINUED

Level 1: Classifications consist of individually owned stocks where detailed holdings were available and fair value could be determined based on quoted prices in active markets.

Level 2: The Organization had no such items at June 30, 2020 or 2019.

Level 3: Classifications consist of other or alternative investments where detailed holdings were not available and market value could not be determined.

Other assets and liabilities such as cash, receivables, prepaids as well as accounts payable and accrued expenses are recorded at cost which approximates fair value due to the short term nature of these assets and liabilities.

NOTE D - PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following at June 30:

	<u>2020</u>	<u>2019</u>
Building and improvements	\$ 489,778	\$ 485,178
Office and computer equipment	14,777	15,435
Furniture and fixtures	<u>5,676</u>	<u>5,676</u>
Property and equipment	510,231	506,289
Less: accumulated depreciation	<u>(77,201)</u>	<u>(62,845)</u>
Property and equipment, net	<u>\$ 433,030</u>	<u>\$ 443,444</u>

Depreciation expense for the year ended June 30, 2020 and 2019 was \$15,014 and \$15,594 respectively.

NOTE E - BENEFICIAL INTEREST IN ASSETS

On October 1, 2013 the Organization entered into an agreement with a local community foundation (an unrelated organization) to create an agency fund for the benefit of the Organization. The agreement was initially funded with \$5,000 from Cancer Alliance of Naples, Inc. and a matching contribution for \$5,000 from the local community foundation. In April 2014, an additional \$25,000 contribution was made to the fund.

NOTE E - BENEFICIAL INTEREST IN ASSETS, CONTINUED

The agency fund is recorded in the financial statements of Cancer Alliance of Naples, Inc. as a beneficial interest. The assets of the agreement are the property of the local community foundation, in accordance with the terms of the agreement and are generally, not available for distribution to the Organization. The assets of this fund are held for the benefit of the Organization and the income from the fund is available to be distributed to the Organization annually subject to the approval of the foundation. Annual income from this agreement may be reinvested by the respective foundation at the direction of the Organization or distributed to the Organization at the direction of the Organization's Board of Directors. The agreement also incurs investment management costs. The agreement permits additional donor gifts to be contributed. The agreement also permits corpus distribution back to the Organization for capital acquisition or renovation or in the case of a financial emergency of the Organization. Any such distribution requires approval by 65% of the Organization's Board of Directors. The assets held by the foundation are considered unrestricted.

Activity related to the beneficial interest consists of the following at June 30:

	<u>2020</u>	<u>2019</u>
Beginning Balance	\$ 36,754	\$ 35,827
Contributions	10,000	-
Investment Performance	(279)	1,322
Foundation Fees	(273)	(266)
Investment Manager's Fees	<u>(130)</u>	<u>(129)</u>
Ending Balance	<u>\$ 46,072</u>	<u>\$ 36,754</u>

In accordance with the agreement, \$46,072 and \$36,754 is recorded as net assets without donor restriction at June 30, 2020 and 2019, respectively.

CANCER ALLIANCE OF NAPLES, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE F - LONG TERM DEBT

Long-term debt consists of the following at June 30:

	<u>2020</u>	<u>2019</u>
The Organization has available an uncollateralized line of credit in the amount of \$25,000. Interest accrues at prime plus 1.04% with a floor of 3.75%. The line matured on September 22, 2020 and was not renewed.	\$ -	\$ -
\$48,739 loan payable to financial institution dated April 24, 2020 for the Small Business Administration's (SBA) Payroll Protection Program (PPP). The loan is financed at 1% interest. Payments are deferred until July 2021, including principal and interest. Final payment is due March 22, 2026. The Organization intends to apply for full or partial forgiveness of the loan in accordance with the requirements of the Payroll Protection Plan (PPP) and provisions of Section 1106 of the Coronavirus Aid, Relief and Economic Security Act (CARES Act).	48,739	-
Promissory note payable to a financial institution in the original amount of \$380,000 dated September 4, 2015 and collateralized by the respective building. The note requires fifty-nine (59) monthly payments \$2,262 including fixed interest at 3.74% with all remaining outstanding principal and interest due on September 4, 2020. The note was refinanced for \$317,000 on September 3, 2020. The new note requires eighty-three (83) monthly payments of \$1,857 including fixed interest at 3.56% with all remaining principal of \$232,721 and interest due on September 3, 2027.	314,178	327,573
	362,917	327,573
Less: current portion	(10,605)	(15,130)
	<u>\$352,312</u>	<u>\$312,443</u>

NOTE F - LONG TERM DEBT, CONTINUED

Principal maturities of long-term obligations are as follows at:

Years Ending <u>June 30</u>	<u>Amount</u>
2021	\$ 10,605
2022	11,477
2023	11,892
2024	12,323
2025	12,768
Thereafter	<u>303,852</u>
	<u>\$ 362,917</u>

Interest expense for the years ended June 30, 2020 and 2019 related to the note was \$12,298 and \$12,729 respectively.

NOTE G - NET ASSETS, WITH DONOR RESTRICTION

Net assets with donor restrictions at June 30, 2020 and 2019 are available for the following purposes or periods:

Temporarily restricted, available for spending:	<u>2020</u>	<u>2019</u>
Community outreach	\$ 232	\$ -
KidsCan scholarships	55	4,300
KidsCan general	428	1,445
Training	5,000	-
Beneficiary assistance	<u>14,484</u>	<u>35,379</u>
Total temporarily restricted net assets	<u>20,199</u>	<u>41,124</u>
Total net assets with donor restriction	<u>\$ 20,199</u>	<u>\$ 41,124</u>

NOTE H - ECONOMIC DEPENDENCE CONCENTRATIONS OF RISK

The operations of the Cancer Alliance of Naples, Inc. is dependent on the receipt of support and revenue from grantor agencies and significant donors. Loss of these funds and/or large decreases in these types of funding would have a material effect on the Organization and a negative impact on overall operations. For the years ended June 30, 2020 and 2019, the Organization received approximately 59% and 58% of its support from grantor agencies and significant donors, respectively.

NOTE I - COMMITMENTS AND CONTINGENCIES

The Organization is currently receiving and previously has received grants, contracts, and other third party funds which may be subject to special compliance audits by the grantor and other third party agencies that provided these funds. These audits may result in disallowed expense amounts.

Disallowed amounts, if any, constitute a contingent liability of the Organization. Such liabilities are not reflected within the financial statements of the Organization, as management does not believe any material contingent liabilities exist.

NOTE J - UNITED WAY CONTRIBUTIONS

Cancer Alliance of Naples, Inc. received the following contributions from United Way for the years ended June 30:

<u>United Way</u>	<u>2020</u>	<u>2019</u>
Collier County	\$ 55,850	\$ 50,000
Lee County	<u>10,000</u>	<u>3,750</u>
	<u>\$ 65,850</u>	<u>\$ 53,750</u>

NOTE K - LIQUIDITY

Financial assets available within one year of June 30, 2020 consisted of the following:

	<u>Amount</u>
Cash and cash equivalents	<u>\$ 441,034</u>
	<u>441,034</u>
Less amounts due within one year:	
Current liabilities	(19,474)
Restricted cash	<u>(20,199)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 401,361</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$211,000 for the year ended June 30, 2020 and \$194,000 for the year ended June 30, 2019).

NOTE L - COVID 19

In early March 2020, the World Health Organization classified the coronavirus outbreak "COVID-19" as a global pandemic, and it unfortunately continues to spread. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, have been severely impacted, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. On April 1, 2020, Governor, Ron DeSantis ordered all Floridians to stay home, to lock down the State against the Coronavirus. Fundraising events were halted throughout the community.

The Organization has adapted fundraising and development efforts to accommodate the current environment. However, the full impact of the COVID-19 outbreak continues to evolve as of the date of this report. This pandemic has adversely affected global economic activity and greatly contributed to instability in financial markets. Management is actively monitoring the local situation on its financial condition, liquidity, operations, donors, industry, and workforce. Given the daily evolution of COVID-19 and the global and local responses to curb its spread, the Organization is not able to estimate the effects of COVID-19 on its results of operation, financial condition, or liquidity for fiscal year 2020-21.