

# ELLIN & TUCKER

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THE ULMAN CANCER FUND FOR YOUNG ADULTS  
FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016



**TABLE OF CONTENTS**  
**The Ulman Cancer Fund for Young Adults**  
**December 31, 2017 and 2016**

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**INDEPENDENT AUDITORS' REPORT** ..... 1-2

**STATEMENTS OF FINANCIAL POSITION** ..... 3

**STATEMENTS OF ACTIVITIES** ..... 4

**STATEMENTS OF FUNCTIONAL EXPENSES** ..... 5-6

**STATEMENTS OF CASH FLOWS** ..... 7

**NOTES TO FINANCIAL STATEMENTS** ..... 8-17

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Ulman Cancer Fund for Young Adults

### REPORT ON THE FINANCIAL STATEMENTS

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We have audited the accompanying financial statements of The Ulman Cancer Fund for Young Adults (Organization), which comprise the Statements of Financial Position as of December 31, 2017 and 2016, 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

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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.

### AUDITORS' RESPONSIBILITY

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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 audits 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 auditors' 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 auditors consider 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 the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITORS' REPORT, CONTINUED**

**OPINION**

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In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Ulman Cancer Fund for Young Adults as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



ELLIN & TUCKER  
Certified Public Accountants

Baltimore, Maryland  
August 8, 2018

**STATEMENTS OF FINANCIAL POSITION**  
**The Ulman Cancer Fund for Young Adults**  
**December 31, 2017 and 2016**

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,064,914	\$ 1,054,839
Current Portion of Unconditional Promises to Give (Note 5)	357,472	410,750
Grants and Other Receivables	58,278	65,307
Investments (Note 3)	396,808	284,414
Prepaid Expenses and Other Current Assets	105,491	47,739
Total Current Assets	<u>1,982,963</u>	<u>1,863,049</u>
<b>PROPERTY AND EQUIPMENT, NET (Note 2)</b>	<u>921,381</u>	<u>367,649</u>
<b>OTHER ASSETS</b>		
Unconditional Promises to Give, Net of Current Portion (Note 5)	493,221	605,648
Deposits	2,292	2,292
Total Other Assets	<u>495,513</u>	<u>607,940</u>
Total Assets	<u>\$ 3,399,857</u>	<u>\$ 2,838,638</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 319,617	\$ 74,720
Deferred Revenue - Special Events	275,117	232,910
Deferred Rent	28,745	-
Obligation Under Capital Leases (Note 8)	10,103	9,424
Total Current Liabilities	<u>633,582</u>	<u>317,054</u>
<b>LONG-TERM LIABILITIES</b>		
Obligation Under Capital Leases (Note 8)	19,445	27,598
Construction Loan Payable (Note 4)	95,929	-
Total Long-Term Liabilities	<u>115,374</u>	<u>27,598</u>
Total Liabilities	<u>748,956</u>	<u>344,652</u>
<b>COMMITMENTS (Note 10)</b>		
<b>NET ASSETS</b>		
Unrestricted	161,216	346,257
Temporarily Restricted (Note 6)	2,489,685	2,147,729
Total Net Assets	<u>2,650,901</u>	<u>2,493,986</u>
Total Liabilities and Net Assets	<u>\$ 3,399,857</u>	<u>\$ 2,838,638</u>

*(See Independent Auditors' Report and Accompanying Notes)*

**STATEMENTS OF ACTIVITIES**  
**The Ulman Cancer Fund for Young Adults**  
**For the Years Ended December 31, 2017 and 2016**

	<b>2017</b>			<b>2016</b>		
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>						
Contributions	\$ 1,455,480	\$ 1,004,054	\$ 2,459,534	\$ 1,961,945	\$ 1,204,084	\$ 3,166,029
Special Events, Net of Direct Expenses of \$54,561 and \$57,543	355,741	-	355,741	329,489	-	329,489
In-Kind Contributions	22,948	-	22,948	192,163	-	192,163
Other Income	45,914	-	45,914	50,337	-	50,337
Gain on Disposal of Property and Equipment	-	-	-	18,497	-	18,497
Interest and Dividends	9,770	-	9,770	8,342	-	8,342
Realized Gain on Investments	2,448	-	2,448	43	-	43
Unrealized Gain on Investments	31,341	-	31,341	9,312	-	9,312
Net Assets Released from Restrictions	662,098	(662,098)	-	244,495	(244,495)	-
<b>Total Revenue</b>	<b>2,585,740</b>	<b>341,956</b>	<b>2,927,696</b>	<b>2,814,623</b>	<b>959,589</b>	<b>3,774,212</b>
<b>EXPENSES</b>						
Program Services	2,185,897	-	2,185,897	2,139,451	-	2,139,451
General and Administrative	270,874	-	270,874	135,429	-	135,429
Fundraising	314,010	-	314,010	292,748	-	292,748
<b>Total Expenses</b>	<b>2,770,781</b>	<b>-</b>	<b>2,770,781</b>	<b>2,567,628</b>	<b>-</b>	<b>2,567,628</b>
Change in Net Assets	(185,041)	341,956	156,915	246,995	959,589	1,206,584
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>346,257</b>	<b>2,147,729</b>	<b>2,493,986</b>	<b>99,262</b>	<b>1,188,140</b>	<b>1,287,402</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 161,216</b>	<b>\$ 2,489,685</b>	<b>\$ 2,650,901</b>	<b>\$ 346,257</b>	<b>\$ 2,147,729</b>	<b>\$ 2,493,986</b>

*(See Independent Auditors' Report and Accompanying Notes)*

**STATEMENT OF FUNCTIONAL EXPENSES**  
**The Ulman Cancer Fund for Young Adults**  
**For the Year Ended December 31, 2017**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Accounting and Legal Fees	\$ 1,572	\$ 18,779	\$ 1,056	\$ 21,407
Advertising and Branding	35,970	18,068	12,867	66,905
Automobile Repairs	103	13	13	129
Bad Debt	-	14,285	-	14,285
Bank Charges	1,108	4,162	139	5,409
Community Outreach	634,067	-	105,496	739,563
Credit Card Processing Fees	35,972	4,856	8,383	49,211
Depreciation	21,544	1,349	1,849	24,742
Dues and Subscriptions	16,219	2,561	1,684	20,464
Employee Benefits	88,270	9,967	12,534	110,771
In-Kind Expenses	12,795	10,153	-	22,948
Insurance	28,892	3,330	3,330	35,552
Interest	-	2,636	-	2,636
Meetings and Conferences	15,442	129	287	15,858
Office Expenses	8,742	1,748	1,070	11,560
Payroll Taxes	80,421	9,346	8,605	98,372
Postage and Delivery	4,913	453	1,348	6,714
Printing and Publications	1,759	212	218	2,189
Rent	149,287	11,746	14,665	175,698
Salaries and Wages	927,233	151,454	134,091	1,212,778
Scholarships	61,175	-	-	61,175
Support Groups	3,214	-	-	3,214
Telephone	9,264	897	1,297	11,458
Travel	25,897	1,422	3,129	30,448
Utilities	5,506	655	787	6,948
Website	16,532	2,653	1,162	20,347
	<u>\$ 2,185,897</u>	<u>\$ 270,874</u>	<u>\$ 314,010</u>	<u>\$ 2,770,781</u>

*(See Independent Auditors' Report and Accompanying Notes)*

**STATEMENT OF FUNCTIONAL EXPENSES**  
**The Ulman Cancer Fund for Young Adults**  
**For the Year Ended December 31, 2016**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Accounting and Legal Fees	\$ 16,556	\$ 22,900	\$ 828	\$ 40,284
Advertising and Branding	27,217	53	15,329	42,599
Automobile Repairs	1,741	119	3,858	5,718
Bad Debt	-	6,903	-	6,903
Bank Charges	151	7,971	1,251	9,373
Community Outreach	782,805	-	112,862	895,667
Credit Card Processing Fees	41,353	567	5,499	47,419
Depreciation	17,612	754	739	19,105
Dues and Subscriptions	7,271	2,964	410	10,645
Employee Benefits	71,033	3,201	18,876	93,110
Insurance	35,513	6,644	4,140	46,297
Interest	181	3,344	-	3,525
Meetings and Conferences	16,004	491	309	16,804
Office Expenses	6,724	2,506	778	10,008
Payroll Taxes	29,198	4,212	4,865	38,275
Postage and Delivery	9,549	200	446	10,195
Printing and Publications	5,243	79	1,238	6,560
Rent	79,120	1,953	13,786	94,859
Salaries and Wages	836,225	68,667	95,531	1,000,423
Scholarships	51,981	-	-	51,981
Support Groups	4,000	-	-	4,000
Telephone	10,116	89	1,554	11,759
Travel	48,148	1,432	4,851	54,431
Utilities	10,086	174	2,120	12,380
Website	31,624	206	3,478	35,308
	<u>\$ 2,139,451</u>	<u>\$ 135,429</u>	<u>\$ 292,748</u>	<u>\$ 2,567,628</u>

*(See Independent Auditors' Report and Accompanying Notes)*



**STATEMENTS OF CASH FLOWS**  
**The Ulman Cancer Fund for Young Adults**  
**For the Years Ended December 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 156,915	\$ 1,206,584
<b>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:</b>		
Depreciation	24,740	25,275
Amortization of Debt Issuance Costs	1,700	-
Net Realized and Unrealized Gain on Investments	(130,130)	(83,566)
Loss on Sale of Property and Equipment	-	(18,497)
Donation of Property and Equipment	-	(192,163)
<b>Net Changes in:</b>		
Unconditional Promises to Give	165,705	(292,934)
Grants and Other Receivables	7,029	(33,307)
Prepaid Expenses and Other Current Assets	(57,752)	14,806
Deposits	-	6,340
Accounts Payable and Accrued Expenses	244,897	(107,136)
Deferred Rent	28,745	-
Deferred Revenue - Special Events	42,207	(109,670)
	<b>484,056</b>	<b>415,732</b>
<b>INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(578,472)	(80,295)
Proceeds from Sale of Property and Equipment	-	22,000
Proceeds from Sale of Investments	188,612	121,300
Purchases of Investments	(170,876)	(107,485)
	<b>(560,736)</b>	<b>(44,480)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from Construction Loan	122,803	-
Payment of Debt Issuance Costs	(28,574)	-
Payments on Capital Lease Obligations	(7,474)	(8,112)
	<b>86,755</b>	<b>(8,112)</b>
Net Cash Provided by (Used in) Investing Activities	<b>86,755</b>	<b>(8,112)</b>
Net Change in Cash and Cash Equivalents	<b>10,075</b>	<b>363,140</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>1,054,839</b>	<b>691,699</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 1,064,914</b>	<b>\$ 1,054,839</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash Paid for Interest	<b>\$ 3,013</b>	<b>\$ 3,525</b>
Property and Equipment Acquired Under Capital Leases	<b>\$ -</b>	<b>\$ 42,219</b>

*(See Independent Auditors' Report and Accompanying Notes)*

**NOTE 1**    **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF OPERATIONS**

The Ulman Cancer Fund for Young Adults (Organization) provides support programs, education and resources, free of charge, to young adults affected by cancer and their families and friends. The Organization also promotes awareness and prevention of cancer through various programs and printed material.

**ACCOUNTING STANDARDS CODIFICATION**

All references in the financial statements to the Codification refer to the Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles (GAAP) issued by the Financial Accounting Standards Board. The Codification is the single source of authoritative GAAP in the United States.

**BASIS OF ACCOUNTING AND PRESENTATION**

The financial statements have been prepared on the accrual basis of accounting in accordance with GAAP. The financial statement presentation follows the reporting requirements of the Codification for not-for-profit organizations, under which the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted Net Assets

Unrestricted net assets represent economic resources of the Organization which are expendable for any purpose in performing the primary objectives of the Organization under the discretionary control of the Board of Directors.

Temporarily Restricted Net Assets

Temporarily restricted net assets include all contributions restricted for specific purposes by the donors or designated for use in a specific time period.

Permanently Restricted Net Assets

Permanently restricted net assets are contributions designated by the donors to be invested in perpetuity. There were no permanently restricted net assets at December 31, 2017 and 2016.

*(See Independent Auditors' Report)*

**USE OF ESTIMATES**

The preparation of financial statements in conformity with GAAP 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 revenue and expenses. Actual results could differ from those estimates.

**CASH AND CASH EQUIVALENTS**

At times, the Organization may have bank deposits that exceed the federally insured limits. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Organization considers all highly liquid investments with original maturities of less than three months to be cash equivalents.

**REVENUE RECOGNITION**

Pledges and contributions are recorded when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions received and unconditional promises to give are measured at their fair values and reported as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. Contributions and registration fees associated with special events are recognized at the time of the related event.

**INVESTMENTS**

Investments are reported at fair value in the Statements of Financial Position. Realized and unrealized gains and losses are included in the change in net assets. See Note 3 for a discussion of fair value measurements.

**PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. Donations of property and equipment are recorded as in-kind contributions at their estimated fair value.

*(See Independent Auditors' Report)*

**INCOME TAXES**

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Internal Revenue Service has determined the Organization is not a private organization within the meaning of Section 509(a) of the Code. The Organization follows the provisions of Accounting for Uncertainty in Income Taxes under the Income Taxes Topic of the Codification. The Codification requires the evaluation of tax positions, which include maintaining its tax-exempt status and the taxability of any unrelated business income, and does not allow recognition of tax positions which do not meet a “more-likely-than-not” threshold of being sustained by the applicable tax authority. Management does not believe it has taken any tax positions that would not meet this threshold.

**ADVERTISING**

The Organization expenses advertising costs as incurred. Advertising costs amounted to \$66,905 and \$42,599 for the years ended December 31, 2017 and 2016, respectively.

**DONATED GOODS AND SERVICES**

Donated services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There were no donated services for the years ended December 31, 2017 and 2016.

In addition, volunteers have donated many hours to support the Organization. These in-kind contributions are not reflected in the financial statements since these services do not meet the criteria for recognition.

**FUNCTIONAL EXPENSES**

Functional expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

**RECLASSIFICATION**

Certain prior year amounts have been reclassified to conform to the current year presentation.

**SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through August 8, 2018, the date the financial statements were available to be issued.

*(See Independent Auditors’ Report)*

**NOTE 2**    **PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of December 31, 2017 and 2016:

	<b>2017</b>	<b>2016</b>
Computer Equipment	\$ 59,399	\$ 51,402
Vehicles	23,245	23,245
Leasehold Improvements	5,818	-
Race Equipment	10,631	9,141
Furniture and Fixtures	43,911	42,473
	143,004	126,261
Less: Accumulated Depreciation	62,465	37,725
	80,539	88,536
Construction in Progress	840,842	279,113
	<b>\$ 921,381</b>	<b>\$ 367,649</b>

Depreciation expense on property and equipment was \$24,740 and \$25,275 for the years ended December 31, 2017 and 2016, respectively.

**NOTE 3**    **INVESTMENTS**

Cost and fair value of investments consisted of the following at December 31, 2017 and 2016:

	<b>2017</b>		<b>2016</b>	
	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>
Cash and Cash Equivalents	\$ 33,220	\$ 33,220	\$ -	\$ -
Mortgage Backed Securities	12,263	15,463	12,263	15,336
Common Stocks	113,423	145,789	87,120	97,025
Mutual Funds and Exchange Traded Funds	139,759	144,936	119,497	117,480
Master Limited Partnerships	51,132	57,400	52,734	54,573
Total Investments	<b>\$ 349,797</b>	<b>\$ 396,808</b>	<b>\$ 271,614</b>	<b>\$ 284,414</b>

The Fair Value Measurements and Disclosures Topic of the Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy which 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

*(See Independent Auditors' Report)*

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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:

**Common Stocks:** Valued at the closing price reported on the active market on which the individual securities are traded.

**Mutual Funds:** Valued at the net asset value (NAV) of shares held at period end. NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. NAV is a quoted price in an active market.

**Mortgage Backed Securities:** Certain bonds and government securities are valued at the closing price reported in the market in which they are traded. Other bonds and government securities are valued based on yields currently available on comparable bonds of issuers with similar credit ratings.

**Master Limited Partnerships:** Valued at quoted market prices in an active market.

*(See Independent Auditors' Report)*

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**  
**The Ulman Cancer Fund for Young Adults**

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 sets forth by level, within the fair value hierarchy, the Organization's investment assets at fair value as of December 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 33,220	\$ -	\$ 33,220
Mortgage Backed Securities	-	15,463	15,463
<b>Common Stocks:</b>			
Basic Materials	30,228	-	30,228
Consumer	16,082	-	16,082
Energy	10,613	-	10,613
Financial Services	43,487	-	43,487
Healthcare	8,781	-	8,781
Technology	36,598	-	36,598
Total Common Stocks	145,789	-	145,789
<b>Mutual and Exchange Traded Funds:</b>			
Allocation	37,854	-	37,854
Fixed Income	60,223	-	60,223
International	8,862	-	8,862
Natural Resources	14,316	-	14,316
U.S. Small/Mid Cap	23,681	-	23,681
Total Mutual and Exchange Traded Funds	144,936	-	144,936
Master Limited Partnerships	57,400	-	57,400
Total	<u>\$ 381,345</u>	<u>\$ 15,463</u>	<u>\$ 396,808</u>

*(See Independent Auditors' Report)*

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**  
**The Ulman Cancer Fund for Young Adults**

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Mortgage Backed Securities	\$ -	\$ 15,336	\$ 15,336
<b>Common Stocks:</b>			
Consumer	20,956	-	20,956
Communication Services	13,333	-	13,333
Financial Services	36,354	-	36,354
Healthcare	16,680	-	16,680
Technology	9,702	-	9,702
Total Common Stocks	<u>97,025</u>	<u>-</u>	<u>97,025</u>
<b>Mutual and Exchange Traded Funds:</b>			
Allocation	21,529	-	21,529
Fixed Income	58,996	-	58,996
International	9,781	-	9,781
Natural Resources	5,645	-	5,645
U.S. Small/Mid Cap	21,529	-	21,529
Total Mutual and Exchange Traded Funds	<u>117,480</u>	<u>-</u>	<u>117,480</u>
Master Limited Partnerships	<u>54,573</u>	<u>-</u>	<u>54,573</u>
Total	<u>\$ 269,078</u>	<u>\$ 15,336</u>	<u>\$ 284,414</u>

**NOTE 4 CONSTRUCTION LOAN**

The Organization has a construction loan which allows for borrowings up to \$950,000. During construction, the loan requires monthly payments of interest at prime plus 2.00%. Upon completion of construction, the loan will amortize over 78 months and require payments of principal and interest at the seven-year Treasury Bill yield plus 2.50%. The loan is collateralized by the property and requires the Organization to meet certain financial covenants.

*(See Independent Auditors' Report)*



**NOTE 5 UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give at December 31, 2017 and 2016 are as follows:

	<b>2017</b>	<b>2016</b>
Due in Less than One Year	\$ 357,472	\$ 410,750
Due in One to Five Years	562,430	698,405
	919,902	1,109,155
Less: Discount to Net Present Value	69,209	92,757
	\$ 850,693	\$ 1,016,398

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 4%.

**NOTE 6 TEMPORARILY RESTRICTED NET ASSETS**

The Organization's net assets were restricted for the following programs at December 31, 2017 and 2016:

	<b>2017</b>	<b>2016</b>
Patient Navigation	\$ 15,000	\$ -
Scholarships	67,612	70,858
Shearer Fund	98,529	118,802
Housing Project	553,424	94,029
Capital Campaign (1)	1,707,208	1,840,616
Other	47,912	23,424
	\$ 2,489,685	\$ 2,147,729

(1) The Organization is running a capital campaign, of which the funds may be used for both restricted and unrestricted purposes. The Organization has elected to account for funds raised as restricted until the completion of the campaign and the Board determines the final allocation of funds raised.

*(See Independent Auditors' Report)*

**NOTE 7 ALLOCATION OF JOINT COSTS**

The Organization incurred joint costs of \$2,949 and \$8,439 for the years ended December 31, 2017 and 2016, respectively, relating to several special events. The following amounts were allocated to the respective functions:

	<b>2017</b>	<b>2016</b>
Education and Advocacy Program	\$ 1,531	\$ 2,342
Fundraising	1,418	6,097
	\$ 2,949	\$ 8,439

**NOTE 8 CAPITAL LEASES**

The Organization has capital leases for a copier and furniture. The assets are being depreciated over their useful lives. The following is a summary of property held under capital leases:

	<b>2017</b>	<b>2016</b>
Property under Capital Leases	\$ 50,556	\$ 50,556
Less: Accumulated Depreciation	19,881	9,771
	\$ 30,675	\$ 40,785

Future minimum lease payments under capital lease obligations as of December 31, 2017 are as follows:

Year Ending December 31,		\$ 12,445
	2018	10,110
	2019	10,110
	2020	973
	2021	33,638
Less: Amount Representing Interest		4,090
		\$ 29,548

**NOTE 9 OPERATING LEASES**

The Organization leases office facilities under operating leases which expire in March 2021.

*(See Independent Auditors' Report)*

Future minimum rentals due under these arrangements are as follows:

Year Ending December 31, 2018	\$ 145,069
2019	145,534
2020	135,078
2021	33,977

Total rent expense for office facilities was \$175,698 and \$94,859 for the years ended December 31, 2017 and 2016, respectively.

Minimum rents relating to operating leases are recognized on a straight-line basis over the lease term after consideration of scheduled rent escalations. Differences between rental expense and actual rent payments are recorded as deferred rent.

The Organization subleases a portion of office space to a tenant under an operating lease expiring in 2018. At December 31, 2017, future minimum lease payments to be received under the lease agreement are approximately as follows:

Year Ending December 31, 2018	\$ 47,982
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Sublease income was \$46,812 and \$45,662 for the years ended December 31, 2017 and 2016, respectively.

**NOTE 10** COMMITMENTS

In 2016, the Organization purchased five houses from East Baltimore Development Inc. (EBDI) for the purpose of rehabilitating the houses for use by cancer patients receiving treatment and their families. As part of that transaction, an in-kind contribution was recorded for the difference between the purchase price and estimated fair value based on appraisals. In addition, the Organization has an agreement with EBDI in which EBDI has certain rights to the houses until rehabilitation of the properties is completed.

**NOTE 11** RETIREMENT PLAN

The Organization maintains a defined contribution retirement plan for eligible employees. Participants who elect to contribute a percentage of their salary to the plan will receive a matching contribution of an amount up to 3% of the employee's salary. For the years ended December 31, 2017 and 2016, retirement plan expenses were \$27,979 and \$26,020, respectively.

*(See Independent Auditors' Report)*