



# **Cancer Wellness Center**

**Financial Statements**

**Years Ended December 31, 2018 and 2017**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Cancer Wellness Center  
Northbrook, Illinois

We have audited the accompanying financial statements of the Cancer Wellness Center which comprise the statement of financial position as of December 31, 2018 and 2017, 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 audits 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 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.

## INDEPENDENT AUDITOR'S REPORT - Continued

### Opinion

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the financial position of the Cancer Wellness Center as of December 31, 2018 and 2017, 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.

### Emphasis of Matter

Cancer Wellness Center adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as discussed in Note 1. Our opinion is not modified with respect to this matter.

*Mann Weitz & Associates LLC*

MANN. WEITZ & ASSOCIATES L.L.C.

Deerfield, Illinois  
March 20, 2019

**CANCER WELLNESS CENTER  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2018 AND 2017**

|                                                                          | <u>2018</u>                 | <u>2017</u>                 |
|--------------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>ASSETS</b>                                                            |                             |                             |
| Cash                                                                     | \$ 200,685                  | \$ 179,071                  |
| Pledges and contributions receivable - Note 3                            | 114,337                     | 179,934                     |
| Accounts receivable                                                      | 5,035                       | 7,600                       |
| Beneficial interest in charitable remainder trust<br>- Notes 4, 8 and 11 | 387,575                     | 393,815                     |
| Prepaid expenses                                                         | 50,646                      | 22,775                      |
| Investments - Notes 4 and 5                                              | 1,405,936                   | 1,750,261                   |
| Property and equipment - Note 6                                          | 803,165                     | 866,042                     |
|                                                                          | <u>                    </u> | <u>                    </u> |
| Total Assets                                                             | <u><u>\$ 2,967,379</u></u>  | <u><u>\$ 3,399,498</u></u>  |
| <br><b>LIABILITIES AND NET ASSETS</b>                                    |                             |                             |
| <b>Liabilities</b>                                                       |                             |                             |
| Line of credit - Note 7                                                  | \$ 104,320                  | \$ 183,203                  |
| Accounts payable and accrued liabilities - Note 14                       | 71,951                      | 122,637                     |
|                                                                          | <u>                    </u> | <u>                    </u> |
| Total Liabilities                                                        | <u>176,271</u>              | <u>305,840</u>              |
| <br><b>Net Assets</b>                                                    |                             |                             |
| Without donor restrictions                                               |                             |                             |
| General operating                                                        | 906,422                     | 750,696                     |
| Board designated - Note 10                                               | 841,170                     | 1,136,682                   |
|                                                                          | <u>                    </u> | <u>                    </u> |
| Total Net Assets Without Donor Restrictions                              | <u>1,747,592</u>            | <u>1,887,378</u>            |
| <br>With donor restrictions - Note 8                                     |                             |                             |
| Time restricted for future periods                                       | 420,075                     | 2,238                       |
| Purpose restricted - Note 10                                             | 123,441                     | 704,042                     |
| Endowment fund - Note 10                                                 | 500,000                     | 500,000                     |
|                                                                          | <u>                    </u> | <u>                    </u> |
| Total Net Assets With Donor Restrictions                                 | 1,043,516                   | 1,206,280                   |
|                                                                          | <u>                    </u> | <u>                    </u> |
| Total Net Assets                                                         | <u>2,791,108</u>            | <u>3,093,658</u>            |
|                                                                          | <u>                    </u> | <u>                    </u> |
| Total Liabilities and Net Assets                                         | <u><u>\$ 2,967,379</u></u>  | <u><u>\$ 3,399,498</u></u>  |

The accompanying notes are an integral part of this statement.

**CANCER WELLNESS CENTER  
STATEMENT OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

|                                                                                | 2018                         |                           |              | 2017                         |                           |              |
|--------------------------------------------------------------------------------|------------------------------|---------------------------|--------------|------------------------------|---------------------------|--------------|
|                                                                                | Without Donor<br>Restriction | With Donor<br>Restriction | Total        | Without Donor<br>Restriction | With Donor<br>Restriction | Total        |
| <b>Revenues and Other Support</b>                                              |                              |                           |              |                              |                           |              |
| Contributions - Notes 12 and 15                                                | \$ 492,173                   | \$ 177,914                | \$ 670,087   | \$ 585,896                   | \$ 278,548                | \$ 864,444   |
| Special events revenue                                                         | 961,384                      |                           | 961,384      | 784,798                      |                           | 784,798      |
| Less: Direct cost of special events                                            | (292,143)                    |                           | (292,143)    | (305,409)                    |                           | (305,409)    |
| Offsite services                                                               | 36,275                       |                           | 36,275       | 42,765                       |                           | 42,765       |
| Other                                                                          | 9,380                        |                           | 9,380        | 12,014                       |                           | 12,014       |
| Total Revenues                                                                 | 1,207,069                    | 177,914                   | 1,384,983    | 1,120,064                    | 278,548                   | 1,398,612    |
| Net assets released from restrictions - Note 9                                 | 285,526                      | (285,526)                 |              | 294,303                      | (294,303)                 |              |
| Total Revenues and Other Support                                               | 1,492,595                    | (107,612)                 | 1,384,983    | 1,414,367                    | (15,755)                  | 1,398,612    |
| <b>Expenses</b>                                                                |                              |                           |              |                              |                           |              |
| Program services                                                               | 1,093,899                    |                           | 1,093,899    | 1,095,545                    |                           | 1,095,545    |
| Management and general                                                         | 140,725                      |                           | 140,725      | 149,277                      |                           | 149,277      |
| Fundraising                                                                    | 307,245                      |                           | 307,245      | 205,355                      |                           | 205,355      |
| Total Expenses                                                                 | 1,541,869                    |                           | 1,541,869    | 1,450,177                    |                           | 1,450,177    |
| <b>Change in Net Assets from Operations</b>                                    | (49,274)                     | (107,612)                 | (156,886)    | (35,810)                     | (15,755)                  | (51,565)     |
| <b>Other Changes</b>                                                           |                              |                           |              |                              |                           |              |
| Increase (decrease) in value of charitable remainder trust<br>- Notes 4 and 11 |                              | (6,240)                   | (6,240)      |                              | 47,850                    | 47,850       |
| Investment income (loss) - Note 5                                              | (90,512)                     | (48,912)                  | (139,424)    | 163,129                      | 76,872                    | 240,001      |
| Total Other Changes                                                            | (90,512)                     | (55,152)                  | (145,664)    | 163,129                      | 124,722                   | 287,851      |
| <b>Change in Net Assets</b>                                                    | (139,786)                    | (162,764)                 | (302,550)    | 127,319                      | 108,967                   | 236,286      |
| <b>Net Assets</b>                                                              |                              |                           |              |                              |                           |              |
| Beginning of year                                                              | 1,887,378                    | 1,206,280                 | 3,093,658    | 1,760,059                    | 1,097,313                 | 2,857,372    |
| End of year                                                                    | \$ 1,747,592                 | \$ 1,043,516              | \$ 2,791,108 | \$ 1,887,378                 | \$ 1,206,280              | \$ 3,093,658 |

The accompanying notes are an integral part of this statement.

**CANCER WELLNESS CENTER  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2018**

|                                                                   | <u>Program<br/>Services</u> | <u>Management<br/>and General</u> | <u>Fundraising</u> | <u>Special Event<br/>(Direct<br/>Benefit<br/>to Donors)</u> | <u>Total</u>        |
|-------------------------------------------------------------------|-----------------------------|-----------------------------------|--------------------|-------------------------------------------------------------|---------------------|
| Salaries                                                          | \$ 666,353                  | \$ 47,658                         | \$ 223,357         | \$ -                                                        | \$ 937,368          |
| Payroll taxes and benefits                                        | 94,881                      | 5,771                             | 21,022             |                                                             | 121,674             |
| Bad debt                                                          |                             | 2,100                             |                    |                                                             | 2,100               |
| Community and outreach programs                                   |                             |                                   | 1,642              |                                                             | 1,642               |
| Computer software and maintenance                                 | 17,141                      | 1,433                             | 18,376             |                                                             | 36,950              |
| Credit card expense                                               |                             |                                   | 3,961              | 10,142                                                      | 14,103              |
| Depreciation - Note 6                                             | 67,727                      | 3,160                             | 5,082              |                                                             | 75,969              |
| Entertainment                                                     |                             |                                   |                    | 11,150                                                      | 11,150              |
| Insurance                                                         | 14,036                      | 3,210                             | 1,913              |                                                             | 19,159              |
| Interest                                                          | 5,450                       | 294                               | 374                |                                                             | 6,118               |
| Miscellaneous                                                     |                             |                                   |                    | 7,152                                                       | 7,152               |
| Occupancy expense                                                 | 67,915                      | 3,665                             | 4,662              |                                                             | 76,242              |
| Office supplies and expense                                       | 8,083                       | 6,530                             | 1,012              | 27,594                                                      | 43,219              |
| Printing and postage                                              | 23,093                      | 2,601                             | 15,010             | 15,762                                                      | 56,466              |
| Professional fees - Note 14                                       |                             | 63,704                            |                    | 32,409                                                      | 96,113              |
| Program supplies and meeting expense                              | 8,266                       |                                   |                    | 15,608                                                      | 23,874              |
| Telephone                                                         | 9,277                       | 546                               | 1,091              |                                                             | 10,914              |
| Vendor consignments                                               |                             |                                   |                    | 20,427                                                      | 20,427              |
| Venue, food and beverage                                          |                             |                                   |                    | 151,899                                                     | 151,899             |
| Web software services                                             | 15,352                      | 53                                | 9,743              |                                                             | 25,148              |
| Wellness program                                                  | 96,325                      |                                   |                    |                                                             | 96,325              |
| <b>Total</b>                                                      | <b>1,093,899</b>            | <b>140,725</b>                    | <b>307,245</b>     | <b>292,143</b>                                              | <b>1,834,012</b>    |
| Less: Expenses included in revenues on<br>statement of activities |                             |                                   |                    |                                                             |                     |
| Costs of direct benefit to donors                                 |                             |                                   |                    | (292,143)                                                   | (292,143)           |
| <b>Total Expenses Included in<br/>Statement of Activities</b>     | <b>\$ 1,093,899</b>         | <b>\$ 140,725</b>                 | <b>\$ 307,245</b>  | <b>\$ -</b>                                                 | <b>\$ 1,541,869</b> |

The accompanying notes are an integral part of this statement.

**CANCER WELLNESS CENTER  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2017**

|                                                                   | <u>Program<br/>Services</u> | <u>Management<br/>and General</u> | <u>Fundraising</u>       | <u>Special Event<br/>(Direct<br/>Benefit<br/>to Donors)</u> | <u>Total</u>               |
|-------------------------------------------------------------------|-----------------------------|-----------------------------------|--------------------------|-------------------------------------------------------------|----------------------------|
| Salaries                                                          | \$ 629,853                  | \$ 54,387                         | \$ 137,395               | \$ -                                                        | \$ 821,635                 |
| Payroll taxes and benefits                                        | 81,029                      | 6,010                             | 14,788                   |                                                             | 101,827                    |
| Bad debt                                                          |                             | 5,552                             |                          |                                                             | 5,552                      |
| Community and outreach programs                                   | 6,627                       |                                   |                          |                                                             | 6,627                      |
| Computer software and maintenance                                 | 14,494                      | 1,140                             | 19,569                   |                                                             | 35,203                     |
| Credit card expense                                               |                             |                                   | 5,992                    | 7,794                                                       | 13,786                     |
| Depreciation - Note 6                                             | 64,553                      | 3,871                             | 4,457                    |                                                             | 72,881                     |
| Entertainment                                                     |                             |                                   |                          | 3,826                                                       | 3,826                      |
| Insurance                                                         | 13,944                      | 3,226                             | 1,511                    |                                                             | 18,681                     |
| Interest                                                          | 7,639                       | 458                               | 527                      |                                                             | 8,624                      |
| Miscellaneous                                                     |                             | 2,329                             |                          | 7,550                                                       | 9,879                      |
| Occupancy expense                                                 | 63,123                      | 3,785                             | 4,358                    |                                                             | 71,266                     |
| Office supplies and expense                                       | 14,539                      | 4,940                             | 4,901                    | 28,852                                                      | 53,232                     |
| Printing and postage                                              | 30,389                      |                                   | 1,599                    | 16,124                                                      | 48,112                     |
| Professional fees - Note 14                                       | 11,500                      | 63,053                            | 2,846                    | 59,816                                                      | 137,215                    |
| Program supplies and meeting expense                              | 5,410                       |                                   |                          | 13,541                                                      | 18,951                     |
| Telephone                                                         | 8,950                       | 526                               | 1,053                    |                                                             | 10,529                     |
| Vendor consignments                                               |                             |                                   |                          | 17,713                                                      | 17,713                     |
| Venue, food and beverage                                          |                             |                                   |                          | 150,193                                                     | 150,193                    |
| Web software services                                             | 20,302                      |                                   | 6,359                    |                                                             | 26,661                     |
| Wellness program                                                  | 123,193                     |                                   |                          |                                                             | 123,193                    |
| <b>Total</b>                                                      | <b>1,095,545</b>            | <b>149,277</b>                    | <b>205,355</b>           | <b>305,409</b>                                              | <b>1,755,586</b>           |
| Less: Expenses included in revenues on<br>statement of activities |                             |                                   |                          |                                                             |                            |
| Costs of direct benefit to donors                                 |                             |                                   |                          | (305,409)                                                   | (305,409)                  |
| <b>Total Expenses Included in<br/>Statement of Activities</b>     | <b><u>\$ 1,095,545</u></b>  | <b><u>\$ 149,277</u></b>          | <b><u>\$ 205,355</u></b> | <b><u>\$ -</u></b>                                          | <b><u>\$ 1,450,177</u></b> |

The accompanying notes are an integral part of this statement.



**CANCER WELLNESS CENTER  
STATEMENT OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

|                                                                                                          | <u>2018</u>       | <u>2017</u>       |
|----------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Cash Flows from Operating Activities</b>                                                              |                   |                   |
| Change in net assets                                                                                     | \$ (302,550)      | \$ 236,286        |
| Adjustments to reconcile change in net assets<br>to net cash provided by (used for) operating activities |                   |                   |
| Depreciation                                                                                             | 75,969            | 72,881            |
| Net (gains) losses on investments                                                                        | 178,587           | (219,416)         |
| Net (increase) decrease in assets                                                                        |                   |                   |
| Pledges and contributions receivable                                                                     | 65,597            | (31,669)          |
| Accounts receivable                                                                                      | 2,565             | (7,600)           |
| Beneficial interest in charitable remainder trust                                                        | 6,240             | (47,850)          |
| Prepaid expenses                                                                                         | (27,871)          | 18,279            |
| Net increase (decrease) in liabilities                                                                   |                   |                   |
| Accounts payable and accrued liabilities                                                                 | (50,686)          | 16,146            |
| Deferred revenue                                                                                         |                   | (7,500)           |
|                                                                                                          | <u>(52,149)</u>   | <u>29,557</u>     |
| Net Cash Provided by (Used for) Operating Activities                                                     |                   |                   |
| <b>Cash Flows from Investing Activities</b>                                                              |                   |                   |
| Purchase of property and equipment                                                                       | (13,092)          | (52,619)          |
| Proceeds from sale of investments                                                                        | 1,399,351         | 1,994,015         |
| Purchase of investments                                                                                  | (1,233,613)       | (1,963,815)       |
|                                                                                                          | <u>152,646</u>    | <u>(22,419)</u>   |
| Net Cash Provided by (Used for) Investing Activities                                                     |                   |                   |
| <b>Cash Flows from Financing Activities</b>                                                              |                   |                   |
| Proceeds from line of credit                                                                             | 126,117           | 303,901           |
| Repayments of line of credit                                                                             | (205,000)         | (302,139)         |
|                                                                                                          | <u>(78,883)</u>   | <u>1,762</u>      |
| Net Cash Provided by (Used for) Financing Activities                                                     |                   |                   |
| <b>Net Increase in Cash</b>                                                                              | 21,614            | 8,900             |
| <b>Cash</b>                                                                                              |                   |                   |
| Beginning of year                                                                                        | <u>179,071</u>    | <u>170,171</u>    |
| End of year                                                                                              | <u>\$ 200,685</u> | <u>\$ 179,071</u> |
| <b>Supplemental Disclosure of Cash Flow Information</b>                                                  |                   |                   |
| Cash paid during the year for interest                                                                   | \$ 6,118          | \$ 8,624          |

The accompanying notes are an integral part of this statement.

**CANCER WELLNESS CENTER  
NOTES TO FINANCIAL STATEMENTS**

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES**

**Nature of Activities and Organization**

The Cancer Wellness Center (Center) was incorporated as an Illinois nonprofit organization on March 30, 1988, and commenced operations on June 1, 1988. The Center is headquartered in Northbrook, Illinois and has another location in Grayslake. The Center, through supportive care and education, seeks to empower those affected by cancer to enhance the quality of their lives. Funding is derived primarily from contributions and special events.

With over 30 years of experience, the Center has developed an expertise in meeting the needs of individuals impacted by cancer. Through a variety of programs encompassing support, education and wellness, cancer patients and survivors and their loved ones are able to access services free of charge. The Center primarily serves the North and Northwest Cook and Lake County and programming is provided by a clinical staff of licensed mental health professionals, as well as professional volunteers who donate their time and expertise.

**Program and Services**

The Center currently provides programming in the three core service areas:

**Support Services** – The emotional adjustment to a cancer diagnosis is an important component to managing the stress related to the experience. Unaddressed emotional distress in cancer patients can negatively impact cancer recovery and has been correlated with lower quality of life. Through the Center's Support Services – which includes Counseling and Group Support – individuals receive professional support, helping them to develop and strengthen coping strategies which assist in the adjustment to a diagnosis.

**Educational Programming** – The Center regularly hosts presentations and classes on a variety of topics and for specific cancer populations. These *Lectures + Workshops* are presented by experts in their field who donate their time to the Center and by the Center's professional clinical staff. Research has found that information seeking increases an individual's sense of control and improves his/her ability to make decisions. It can also reduce anxiety and make communication with healthcare providers easier.

**CANCER WELLNESS CENTER  
NOTES TO FINANCIAL STATEMENTS**

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Program and Services - Continued**

**Wellness Programming** – At the Center, participants are able to attend *Classes for Mind Body Health* and *Services by Appointment* which assist in the management of stress, side effects from treatment and symptoms related to cancer. The modalities used in these classes and services have been found to produce a physiological relaxation response which has a counteracting effect on the physical impact of stress. In addition, the Center offers classes and programs aimed at helping people adopt positive health behaviors, such as increased physical activity and nutritious eating habits, which have been linked to positive health outcomes and improved quality of life. These classes, services, and programs are taught or provided by professionals with experience working with the cancer community and have been specifically adapted for cancer patients and survivors.

**Basis of Accounting**

The accompanying financial statements have been prepared using the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

**Basis of Presentation**

Information regarding the financial position and activities of the Center are reported in two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

- Without donor restrictions - Net assets without donor restrictions are not subject to donor-imposed stipulations, but may be subject to board designations. They include all activities of the Center, except for those amounts that are restricted by external donors.
- With donor restrictions - Net assets with donor restrictions are subject to donor-imposed stipulations that can be removed through the passage of time (time restrictions) or actions of the Center (purpose restrictions). Net assets with donor restrictions may also be imposed by donors who require that the principal of these classes of net assets be invested in perpetuity and only the investment income be expended.

**Concentration of Credit Risk**

The Center maintains cash balances in one financial institution that at certain times exceeded the insured limits provided by the Federal Deposit Insurance Corporation (FDIC). The Center has not experienced any losses on these accounts and does not believe it is exposed to any significant risk.

**CANCER WELLNESS CENTER  
NOTES TO FINANCIAL STATEMENTS**

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES - Continued**

**Investments**

Investments are recorded at fair value. Interest and dividends, as well as realized and unrealized gains and losses on investments, are included in the statement of activities. Interest and dividends and gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation.

**Uncollectible Accounts**

The Center uses the direct write-off method in recording uncollectible amounts. This method does not result in amounts that differ materially from the allowance method required by accounting principles generally accepted in the United States of America.

**Property and Equipment**

Property and equipment is recorded at historical cost. The Center capitalizes fixed asset additions over \$1,000. Depreciation is computed by use of the straight-line method for all property and equipment.

The estimated useful lives used in computing depreciation are as follows:

| <u>Description</u>                 | <u>Years</u> |
|------------------------------------|--------------|
| Building and building improvements | 10 - 39.5    |
| Furniture and equipment            | 3 - 7        |
| Land improvement                   | 5            |
| Website                            | 3            |

Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in the statement of activities.

**Contributions and Sponsorships**

Contributions and sponsorships are recorded at fair value at the date a promise to give is received. Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at present value. Contributions of cash and other assets are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor's restriction expires; that is, when a stipulated time restriction ends or purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restrictions on donor restricted contributions that are permanent in nature never expire; the assets must be invested in perpetuity.

**CANCER WELLNESS CENTER  
NOTES TO FINANCIAL STATEMENTS**

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Contributed Services**

The Center recognizes the fair value of donated services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

**Functional Allocation of Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Expenses which are easily and directly associated with a particular program or supporting service are allocated directly to that functional category. Certain costs have been allocated among program services and supporting services. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

| Expense               | Method of Allocation           |
|-----------------------|--------------------------------|
| Salaries and benefits | Time and effort                |
| Office expense        | Usage                          |
| Technology            | Full Time Equivalent and Usage |
| Occupancy             | Square Footage                 |
| Depreciation          | Square Footage                 |
| Loan Interest         | Square Footage                 |

**Use of Estimates in the Preparation of Financial Statements**

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, gains and expenses during the reporting period. Actual results could differ from those estimates.

**Income Taxes**

The Center is a nonprofit corporation which has been granted a tax-exempt status as a public charity under Section 501(c)(3) of the Internal Revenue Code for all business income related to the organization's tax-exempt purpose. The Center had no unrelated business income during 2018 or 2017.

**CANCER WELLNESS CENTER  
NOTES TO FINANCIAL STATEMENTS**

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES - Continued**

**Evaluation of Tax Positions**

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. As of December 31, 2018 and 2017, the Center had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

**Effects of Recently Issued Accounting Standards**

In August 2016, the Financial Accounting Standards Board (FASB) issued new rules for nonprofit organizations under Accounting Standards Update (ASU) 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (NFP). This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Center has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Center's financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- Temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources. See Note 2. The Center opted not to disclose liquidity and availability information as of December 31, 2017, as permitted under the ASU in the year of adoption.
- The Center is required to present an analysis of expenses by both function and natural classification which is presented on the statement of functional expenses in the accompanying financial statements for the years ended December 31, 2018 and 2017. Additional disclosures are now required regarding specific methodologies used to allocate costs among program and support functions.

In June 2018, the FASB completed its project on revenue recognition of grants and contracts by not-for-profit entities by issuing ASU 2018-08 "*Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.*" The amendments provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction.

**CANCER WELLNESS CENTER  
NOTES TO FINANCIAL STATEMENTS**

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES – Continued**

**Effects of Recently Issued Accounting Standards – Continued**

Specifically, the amendments:

- Clarify how an NFP determines whether a resource provider is participating in an exchange transaction or a contribution.
- Help an entity to evaluate whether contributions are considered conditional or unconditional by stating that a conditional contribution must have (a) a barrier that must be overcome and (b) a right of return or release of obligation.
- Modify the simultaneous release option currently in accounting principles generally accepted in the United States of America, which allows an NFP to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that revenue is recognized.

ASU 2018-08 is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods beginning after December 15, 2019. Early adoption of the amendments in this update is permitted. Management is currently evaluating the impact these changes in accounting standards will have on the Organization's financial statements and related disclosures.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in accounting principles generally accepted in the United States of America when it becomes effective. In July 2015, the FASB approved a one year deferral of this standard, with a revised effective date for fiscal years beginning after December 15, 2018. Early adoption is permitted. The standard permits the use of either the retrospective or modified retrospective (cumulative effect) transition method. Management is currently evaluating the impact this change in accounting standards will have on the financial statements and related disclosures and has not yet selected a transition method.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. For non-public entities, the standard is effective for fiscal years beginning after December 15, 2019 and interim periods beginning the following year. Early adoption is permitted. The new standard must be adopted using a modified retrospective transition, and provides for certain practical expedients during the period of adoption. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. Management is currently evaluating the impact this change in accounting standards will have on the financial statements and related disclosures.

**CANCER WELLNESS CENTER  
NOTES TO FINANCIAL STATEMENTS**

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Reclassifications**

Certain reclassifications have been made to the December 31, 2017 financial statements to conform to the classifications used in the December 31, 2018 financial statements.

**Subsequent Events**

The Center has evaluated subsequent events for potential recognition and/or disclosure through March 20, 2019, the date the financial statements were available to be issued.

**2. LIQUIDITY AND AVAILABILITY**

As part of the Center's liquidity management plan, cash in excess of daily operating requirements is invested in short-term investments. A significant amount of contributions the Center receives are for general operating purposes and income from donor restricted grants is available for the donor designated purpose as stated in the donors' agreement. In the event the need arises to utilize the Center's board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Finally, the Center can draw upon their line of credit which has a maximum limit of \$1,100,000.

The Center's endowment fund consist of funds designated by the Board of Directors as a quasi-endowment and a donor restricted fund from which the earnings are available to support the Center.

The balance of the Center's board-designated endowment at December 31, 2018 is \$841,170. Although the Center does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of our board's annual budget approval and appropriation), these amounts could be made available if necessary.

The Center's donor restricted endowment (\$500,000 initial investment) is intended to be held into perpetuity whose portfolio returns are available to support the operations of the Center. The Board of Director's current policy is to preserve long-term endowment and spending power by appropriating only a portion of average annual total investment returns.



**CANCER WELLNESS CENTER  
NOTES TO FINANCIAL STATEMENTS**

**2. LIQUIDITY AND AVAILABILITY - Continued**

The table below presents financial assets available for general expenditures within one year at December 31, 2018:

|                                                                         |                          |
|-------------------------------------------------------------------------|--------------------------|
| Financial assets at year end:                                           |                          |
| Cash                                                                    | \$ 200,685               |
| Pledges and contributions receivable                                    | 114,337                  |
| Accounts receivable                                                     | 5,035                    |
| Investments                                                             | <u>1,405,936</u>         |
| Total Financial Assets                                                  | <u>1,725,993</u>         |
| Less amounts not available to be used within one year:                  |                          |
| Donor designated endowment                                              | (500,000)                |
| Board designated                                                        | (841,170)                |
| Donations with purpose restriction                                      | <u>(123,441)</u>         |
| Financial Assets Not Available to be Used Within One Year               | <u>(1,464,611)</u>       |
| Financial Assets Available to Meet General Expenditures Within One Year | <u><u>\$ 261,382</u></u> |

**3. PLEDGES AND CONTRIBUTIONS RECEIVABLE**

Pledges and contributions receivable at December 31, 2018 and 2017 were \$114,337 and \$179,934, respectively, and are due within one year.

**4. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value measurements under FASB ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. FASB ASC 820 defines levels within the hierarchy based on the reliability of inputs as follows:

Level 1 – Valuations based on adjusted quoted prices for identical assets or liabilities in active markets;

Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets, and;

**CANCER WELLNESS CENTER  
NOTES TO FINANCIAL STATEMENTS**

**4. FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued**

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

At December 31, 2018 and 2017, the estimated fair values of the financial assets of the Center measured on a recurring basis are as follows:

|                                                      |                     | December 31, 2018                                                |                                              |                                       |
|------------------------------------------------------|---------------------|------------------------------------------------------------------|----------------------------------------------|---------------------------------------|
|                                                      |                     | Fair Value Measurements Using                                    |                                              |                                       |
| Description                                          | Total               | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets | Significant<br>Other<br>Observable<br>Inputs | Significant<br>Unobservable<br>Inputs |
|                                                      |                     | Level 1                                                          | Level 2                                      | Level 3                               |
| Investments at fair value                            | \$ 1,372,989        | \$ 1,372,989                                                     | \$ -                                         | \$ -                                  |
| Beneficial interest in<br>charitable remainder trust | 387,575             |                                                                  |                                              | 387,575                               |
| <b>Total Financial Assets at<br/>Fair Value</b>      | <b>\$ 1,760,564</b> | <b>\$ 1,372,989</b>                                              | <b>\$ -</b>                                  | <b>\$ 387,575</b>                     |

  

|                                                      |                     | December 31, 2017                                                |                                              |                                       |
|------------------------------------------------------|---------------------|------------------------------------------------------------------|----------------------------------------------|---------------------------------------|
|                                                      |                     | Fair Value Measurements Using                                    |                                              |                                       |
| Description                                          | Total               | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets | Significant<br>Other<br>Observable<br>Inputs | Significant<br>Unobservable<br>Inputs |
|                                                      |                     | Level 1                                                          | Level 2                                      | Level 3                               |
| Investments at fair value                            | \$ 1,421,556        | \$ 1,421,556                                                     | \$ -                                         | \$ -                                  |
| Beneficial interest in<br>charitable remainder trust | 393,815             |                                                                  |                                              | 393,815                               |
| <b>Total Financial Assets at<br/>Fair Value</b>      | <b>\$ 1,815,371</b> | <b>\$ 1,421,556</b>                                              | <b>\$ -</b>                                  | <b>\$ 393,815</b>                     |

**CANCER WELLNESS CENTER  
NOTES TO FINANCIAL STATEMENTS**

**4. FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued**

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

*Investments:* The fair value of investments designated as Level 1 are comprised of funds with readily available quoted market prices. The Center has no investments at fair value designated as Level 2 or Level 3.

*Beneficial interest in assets held in trust by others:* The beneficial interests in trusts have been designated as Level 3 in the fair value hierarchy since the fair value of these trusts are calculated based on the future expected cash flows as expected to be received by management, using a discount rate of 4.5%.

The following is a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable (level 3) inputs for the years ended December 31, 2018 and 2017.

|                                                    |                          |
|----------------------------------------------------|--------------------------|
| Beneficial interest in charitable remainder trust: |                          |
| Balance at January 1, 2017                         | \$ 345,965               |
| Change in value of charitable remainder trust      | <u>47,850</u>            |
| Balance at December 31, 2017                       | 393,815                  |
| Change in value of charitable remainder trust      | <u>(6,240)</u>           |
| Balance at December 31, 2018                       | <u><u>\$ 387,575</u></u> |

**5. INVESTMENTS**

The fair values of investments at December 31, 2018 and 2017 are as follows:

|                                 | <u>2018</u>                 | <u>2017</u>                |
|---------------------------------|-----------------------------|----------------------------|
| Mutual funds                    | \$ 263,168                  | \$ 877,002                 |
| Stocks and ETFs                 | <u>1,109,821</u>            | <u>544,554</u>             |
| Total Investments at Fair Value | 1,372,989                   | 1,421,556                  |
| Cash                            | 32,947                      | 228,721                    |
| Certificates of Deposit         | <u>                    </u> | <u>99,984</u>              |
| Total Investments               | <u><u>\$ 1,405,936</u></u>  | <u><u>\$ 1,750,261</u></u> |

**CANCER WELLNESS CENTER  
NOTES TO FINANCIAL STATEMENTS**

**5. INVESTMENTS - Continued**

The following is a summary of the Center's investment income for the years ended December 31:

|                                            | <u>2018</u>         | <u>2017</u>       |
|--------------------------------------------|---------------------|-------------------|
| Interest and dividend income               | \$ 51,180           | \$ 35,649         |
| Investment fees                            | (12,017)            | (15,064)          |
| Net realized and unrealized gains (losses) | <u>(178,587)</u>    | <u>219,416</u>    |
| Total Investment Income                    | <u>\$ (139,424)</u> | <u>\$ 240,001</u> |

**6. PROPERTY AND EQUIPMENT**

A summary of fixed assets and accumulated depreciation at December 31, 2018 and 2017, is as follows:

|                                | <u>2018</u>       | <u>2017</u>       |
|--------------------------------|-------------------|-------------------|
| Building                       | \$ 632,426        | \$ 632,426        |
| Land                           | 271,040           | 271,040           |
| Building improvements          | 696,357           | 696,357           |
| Furniture and equipment        | 157,379           | 335,007           |
| Land improvements              | 52,950            | 52,950            |
| Website                        | <u>10,620</u>     | <u>          </u> |
|                                | 1,820,772         | 1,987,780         |
| Less: Accumulated depreciation | <u>1,017,607</u>  | <u>1,121,738</u>  |
| Net Property and Equipment     | <u>\$ 803,165</u> | <u>\$ 866,042</u> |

Depreciation expense was \$75,969 and \$72,881 for 2018 and 2017, respectively.

**CANCER WELLNESS CENTER  
NOTES TO FINANCIAL STATEMENTS**

**7. LOAN AND LINE OF CREDIT**

The Center had a line of credit with an advance limit of \$846,000. The interest rate was the LIBOR rate plus 2.5%. The line of credit was secured by the investment accounts. This agreement was closed in 2017 upon payoff of the balance when the Center entered into the agreement described below.

On November 14, 2017, the Center obtained a line of credit with an advance limit of \$1,100,000. The interest rate is the 30-day LIBOR rate plus 2%. At December 31, 2018 and 2017, the outstanding balance was \$104,320 and \$183,203, respectively. At December 31, 2018 and 2017, the interest rate was 4.455% and 3.477%, respectively. The line of credit is secured by the Center's investment accounts. This agreement expires November 14, 2022.

**8. NET ASSETS WITH DONOR RESTRICTION**

Net assets with donor restrictions are available for the following purpose or the passage of time at December 31:

|                                          | <u>2018</u>         | <u>2017</u>         |
|------------------------------------------|---------------------|---------------------|
| Time restricted for future periods:      |                     |                     |
| Time restricted                          | \$ 32,500           | \$ 2,238            |
| Charitable remainder trust               | 387,575             | 393,815             |
| Purpose restricted:                      |                     |                     |
| Accumulated endowment earnings           | 65,345              | 114,257             |
| Child specialist                         | 52,262              | 100,000             |
| Library benefit                          |                     | 1,500               |
| New Trier township residents             | 3,334               | 3,334               |
| Nutritionist                             |                     | 15,636              |
| Stepping Up To Wellness                  | 2,500               | 5,500               |
| Support and discussion groups            |                     | 20,000              |
| Young adult program                      |                     | 50,000              |
| Restricted in Perpetuity:                |                     |                     |
| Endowment                                | <u>500,000</u>      | <u>500,000</u>      |
| Total Net Assets With Donor Restrictions | <u>\$ 1,043,516</u> | <u>\$ 1,206,280</u> |

**CANCER WELLNESS CENTER  
NOTES TO FINANCIAL STATEMENTS**

**9. NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions during the years by incurring expenses satisfying the following restricted purposes specified by donors or by the passage of time.

|                                             | <u>2018</u>       | <u>2017</u>       |
|---------------------------------------------|-------------------|-------------------|
| Child specialist                            | \$ 97,738         | \$ 52,919         |
| Kitchen construction                        |                   | 25,000            |
| Library benefit                             | 1,500             |                   |
| New Trier township residents                | 10,000            | 10,000            |
| Nutritionist                                | 25,636            | 27,074            |
| Stepping Up To Wellness                     | 5,500             |                   |
| Support and discussion groups               | 92,914            | 129,310           |
| Passage of time                             | 2,238             |                   |
| Young adult program                         | <u>50,000</u>     | <u>50,000</u>     |
| Total Net Assets Released from Restrictions | <u>\$ 285,526</u> | <u>\$ 294,303</u> |

**10. ENDOWMENTS**

The Center's endowment consists of two funds. In 2000, the Center received a \$500,000 contribution to establish an endowment fund. The fund is to be held in perpetuity. In December 2003, the Center received a letter from the donor of the endowment funds releasing the Center of its obligation to restore the endowment to its original principal when market fluctuations bring the balance below the original gift amount of \$500,000. When the principal in the endowment account exceeds \$500,000, earnings on this fund are available to support the operations of the Center.

The endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

**CANCER WELLNESS CENTER  
NOTES TO FINANCIAL STATEMENTS**

**10. ENDOWMENTS - Continued**

**Interpretation of Relevant Law**

The Center has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as permanently restricted net assets (a) the original value of gifts donated (b) the original value of subsequent gifts, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Center in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the endowment considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Center and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and appreciation of investments
6. Other resources of the Center
7. The investment policies of the Center

**Return Objectives and Risk Parameters**

The Investment Committee's general policy is to diversify investments within both equity and fixed income securities so as to provide a balance that will enhance total return, while avoiding undue risk concentrations in any single asset class of investment category.

**Strategies Employed for Achieving Objectives**

The Investment Committee developed and adopted guidelines for broad allocations on a long-term basis, in light of current and projected investment objectives. To ensure broad diversification asset allocation as a percent of total market value of the total long-term portfolio will be set so that equity securities will range from 47.5% - 72.5% and fixed securities, including cash, will range from 17.5% - 52.5%. A comfortable range of 25% has been built around each target to insure the investment discipline is adhered to. The Committee will evaluate the asset allocation once a year.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

Beginning in 2015, if the earnings from the quasi-endowment and the donor restricted endowment are not required to meet operating expenses, the Center's Board of Directors has chosen to keep the earnings on the endowment funds in the endowment investment accounts.

**CANCER WELLNESS CENTER  
NOTES TO FINANCIAL STATEMENTS**

**10. ENDOWMENTS - Continued**

**Spending Policy and How the Investment Objectives Relate to Spending Policy - Continued**

At times when the earnings on the endowment accounts are necessary to fund operations, the Center's board of directors will establish a spending percentage of the portfolio assets, net of fees, which will be made available annually for support of operations. To preserve the long-term purchasing power of the Center's endowment, this spending percentage will be evaluated and periodically adjusted to an amount that is equal to or less than the expected long-term portfolio total return, less fees and inflation. To adjust for volatility in portfolio market values, the average of the prior twelve quarters ending portfolio market values is used as the principle base. The quasi-endowment will be held into perpetuity but will also serve as a source for emergency funding, for capital improvements, or other needs as dictated by the board of directors.

The spending percentage target as approved by the board of directors is up to 5%. So long as the market value of the original endowment gifts are maintained, each year's actual spending budget is determined by taking the average quarter end portfolio market value balances for the most recent twelve quarterly periods, net of all investment fees, multiplied by the spending percentage.

For the donor restricted endowment, the Center may only spend income when the investment fund exceeds \$500,000.

**Financial Information**

Endowment net assets by type of fund at December 31 consist of the following:

|                                 | <b>2018</b>                                               |                                   |                     |
|---------------------------------|-----------------------------------------------------------|-----------------------------------|---------------------|
|                                 | <b>Without Donor<br/>Restriction<br/>Board Designated</b> | <b>With Donor<br/>Restriction</b> | <b>Total</b>        |
| Donor-restricted endowment fund | \$ -                                                      | \$ 565,345                        | \$ 565,345          |
| Quasi-endowment fund            | 841,170                                                   |                                   | 841,170             |
| Total Funds                     | <u>\$ 841,170</u>                                         | <u>\$ 565,345</u>                 | <u>\$ 1,406,515</u> |
|                                 | <b>2017</b>                                               |                                   |                     |
|                                 | <b>Without Donor<br/>Restriction<br/>Board Designated</b> | <b>With Donor<br/>Restriction</b> | <b>Total</b>        |
| Donor-restricted endowment fund | \$ -                                                      | \$ 614,257                        | \$ 614,257          |
| Quasi-endowment fund            | 1,136,682                                                 |                                   | 1,136,682           |
| Total Funds                     | <u>\$ 1,136,682</u>                                       | <u>\$ 614,257</u>                 | <u>\$ 1,750,939</u> |



**CANCER WELLNESS CENTER  
NOTES TO FINANCIAL STATEMENTS**

**10. ENDOWMENTS - Continued**

Changes in endowment net assets for the years ended December 31, 2018 and 2017, are as follows:

|                                      | <b>Without Donor<br/>Restriction<br/>Board Designated</b> | <b>With Donor<br/>Restriction</b> | <b>Total</b>        |
|--------------------------------------|-----------------------------------------------------------|-----------------------------------|---------------------|
| Balance at January 1, 2017           | \$ 973,553                                                | \$ 537,385                        | \$ 1,510,938        |
| Investment income                    | 163,129                                                   | 76,872                            | 240,001             |
| Balance at December 31, 2017         | 1,136,682                                                 | 614,257                           | 1,750,939           |
| Investment loss                      | (90,512)                                                  | (48,912)                          | (139,424)           |
| Amounts appropriated for expenditure | (205,000)                                                 |                                   | (205,000)           |
| Balance at December 31, 2018         | <u>\$ 841,170</u>                                         | <u>\$ 565,345</u>                 | <u>\$ 1,406,515</u> |

**11. BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUST**

The Center is the beneficiary of a split-interest gift from the estate of a charitable donor. Upon the death of the remaining family beneficiary, the trust, managed by Merrill Lynch, will be distributed in equal shares to the four residual beneficiaries.

The trust account's fair value was \$3,000,269 and \$3,185,753 at December 31, 2018 and 2017, respectively. The Center's 25% share at December 31, 2018 and 2017, was \$750,067 and \$796,438, respectively. Based upon the projected investment remaining constant and a discount rate of 4.5%, the net present value of the Center's prospective share of this gift was \$387,575 and \$393,815 as of December 31, 2018 and 2017, respectively. This amount is included in the statement of financial position in beneficial interest in charitable remainder trust at December 31, 2018 and 2017.

**CANCER WELLNESS CENTER  
NOTES TO FINANCIAL STATEMENTS**

**12. DONATED SERVICES**

The value of contributed professional services is included in the financial statements as contribution revenue and wellness program expenses. The amounts for the years ended December 31, 2018 and 2017, were \$67,470 and \$97,160, respectively.

In addition to the contributed professional services in the preceding paragraph, a significant amount of volunteer services is contributed to the Center to support its program and supporting services. These volunteer activities include participating on the Board of Directors and numerous other committees. The value of these services has not been included in the financial statements because the criteria for recognition have not been satisfied.

**13. EMPLOYEE BENEFIT PLAN**

The Center maintains a 401(k) employee benefit plan. In 2018 the Center made a safe harbor election which requires a 100% match on the first 3% of employees' deferred compensation. Prior to 2018, contributions to the plan were at the discretion of the Board of Directors. Contributions to the 401(k) plan were \$11,650 and \$7,579 for 2018 and 2017, respectively.

**14. RELATED PARTIES**

The Center engaged firms affiliated with certain board members to provide accounting and 401(k) services. Total professional fees incurred for these services in 2018 and 2017 were \$35,200 and \$41,519, respectively.

**15. CONDITIONAL GRANT**

A challenge grant was received during 2018 for \$60,000 over two years. For each year, \$30,000 is for funding general operating support. During 2018, \$30,000 was earned and recorded as revenue. At December 31, 2018, the remainder of funds to be earned is \$30,000 if the conditions are met by February 2020.

Additionally, during 2018, a challenge grant was received for \$75,000 to fund a labyrinth garden. During 2018 no amount was earned or recorded. The funds will be earned if the conditions are met by October 3, 2019.

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