

MILES PERRET CANCER SERVICES AND AFFILIATE

Combined Financial Report

Year Ended December 31, 2017

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**Darnall, Sikes
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(A Corporation of Certified Public Accountants)

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INDEPENDENT AUDITOR’S REPORT

To the Board of Directors
 Miles Perret Cancer Services and Affiliate
 Lafayette, Louisiana

We have audited the accompanying combined financial statements of Miles Perret Cancer Services (a nonprofit organization) and Affiliate, which comprise the combined statement of financial position as of December 31, 2017, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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.

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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 combined financial statements.

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Miles Perret Cancer Services and Affiliate as of December 31, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Darnall, Sikes & Frederick
A Corporation of Certified Public Accountants

Lafayette, Louisiana
June 15, 2018

MILES PERRET CANCER SERVICES AND AFFILIATE

Combined Statement of Financial Position

December 31, 2017

ASSETS

	<u>The Miles Perret Center</u>	<u>The Games of Acadiana</u>	<u>Combined</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 102,175	\$ 205,963	\$ 308,138
Other receivables	3,502	893	4,395
Prepaid expenses	14,657	-	14,657
Inventory	<u>100,333</u>	<u>5,756</u>	<u>106,089</u>
Total current assets	<u>220,667</u>	<u>212,612</u>	<u>433,279</u>
Capital assets, net of accumulated depreciation of \$139,199	<u>548,715</u>	<u>-</u>	<u>548,715</u>
OTHER ASSETS			
Investments - Community Foundation	1,205,031	-	1,205,031
Investments - Other	<u>110,941</u>	<u>-</u>	<u>110,941</u>
Total other assets	<u>1,315,972</u>	<u>-</u>	<u>1,315,972</u>
Total Assets	<u>\$ 2,085,354</u>	<u>\$ 212,612</u>	<u>\$ 2,297,966</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES			
Accounts payable	<u>\$ 13,645</u>	<u>\$ 40</u>	<u>\$ 13,685</u>
Total current liabilities	13,645	40	13,685
NET ASSETS			
Unrestricted	<u>2,071,709</u>	<u>212,572</u>	<u>2,284,281</u>
Total net assets	<u>2,071,709</u>	<u>212,572</u>	<u>2,284,281</u>
Total Liabilities and Net Assets	<u>\$ 2,085,354</u>	<u>\$ 212,612</u>	<u>\$ 2,297,966</u>

See Independent Auditor's Report and notes to the combined financial statements.

MILES PERRET CANCER SERVICES AND AFFILIATE

Combined Statement of Activities
Year Ended December 31, 2017

	The Miles Perret Center <u>Unrestricted</u>	The Miles Perret Center <u>Restricted</u>	The Games of Acadiana <u>Unrestricted</u>	<u>Combined</u>
PUBLIC SUPPORT AND REVENUE				
Contributions	\$ 128,237	\$ 30,505	\$ -	\$ 158,742
Donated services and equipment	145,942	-	99,342	245,284
Sponsor donations	-	-	432,050	432,050
Fund-raising revenues	-	-	422,861	422,861
Grant revenue	-	28,215	-	28,215
Miscellaneous	5,647	-	1,228	6,875
Investment income	34,512	-	470	34,982
Net realized and unrealized gain on investments	112,526	-	-	112,526
Net assets released from restrictions	<u>58,720</u>	<u>(58,720)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT	485,584	-	955,951	1,441,535
EXPENSES				
CLIENT SERVICES				
Program Services	148,827	-	-	148,827
Support Services	<u>628,426</u>	<u>-</u>	<u>-</u>	<u>628,426</u>
TOTAL PROGRAM SERVICES	777,253	-	-	777,253
SUPPORTING SERVICES				
Advancement	153,644	-	-	153,644
General and administrative	138,487	-	-	138,487
Fundraising	<u>-</u>	<u>-</u>	<u>265,053</u>	<u>265,053</u>
TOTAL SUPPORTING SERVICES	292,131	-	265,053	557,184
TOTAL EXPENSES	1,069,384	-	265,053	1,334,437
OTHER USES				
Transfers Out - Community Foundation	<u>(53,117)</u>	<u>-</u>	<u>(521,883)</u>	<u>(575,000)</u>
TOTAL OTHER USES	(53,117)	-	(521,883)	(575,000)
INCREASE (DECREASE) IN NET ASSETS	(636,917)	-	169,015	(467,902)
NET ASSETS, BEGINNING	2,708,626	-	43,557	2,752,183
NET ASSETS, ENDING	\$ 2,071,709	\$ -	\$ 212,572	\$ 2,284,281

See Independent Auditor's Report and notes to the combined financial statements.

MILES PERRET CANCER SERVICES AND AFFILIATE

Combined Statement of Functional Expenses
Year Ended December 31, 2017

	Client Services			Supporting Services		Total
	Program Services	Support Services	Advancement	General & Administrative	Fund Raising	
Salaries and wages	\$ 76,828	\$ 297,071	\$ 76,829	\$ 61,463	\$ -	\$ 512,191
Payroll taxes	6,204	23,989	6,204	4,963	-	41,360
Total payroll and related expenses	83,032	321,060	83,033	66,426	-	553,551
OTHER EXPENSES						
Accounting and auditing	3,806	9,515	2,854	2,854	-	19,029
Admission fees	2,461	-	-	434	-	2,895
Awards	-	-	-	-	1,338	1,338
Bank charges	-	-	-	350	15	365
Computer expenses	3,923	9,807	2,942	2,942	-	19,614
Consulting and professional service	-	-	-	13,385	-	13,385
Continuing professional education	-	1,405	995	527	-	2,927
Contract labor	-	2,502	-	-	4,890	7,392
Cost of goods sold	-	-	-	-	3,723	3,723
Depreciation	1,176	11,469	882	1,176	-	14,703
Dues and subscriptions	-	147	2,272	531	-	2,950
Equipment rental	1,727	3,540	2,416	950	19,749	28,382
Event logistics	-	-	-	-	24,568	24,568
Food and beverage	1,422	1,185	284	1,848	2,661	7,400
Fuel expense	-	1,692	-	-	25	1,717
Gifts	8,242	-	2,087	104	9,000	19,433
Group health insurance	3,527	19,046	7,055	5,643	-	35,271
Insurance	2,365	11,179	4,085	3,870	2,572	24,071
Inventory usage	-	20,292	-	-	-	20,292
Investment administrative fees	-	-	-	6,068	-	6,068
Janitorial and pest control	2,564	6,410	1,923	1,923	-	12,820
Licenses and fees	-	-	-	335	1,457	1,792
Medications	-	10,674	-	-	-	10,674
Meetings expense	-	-	69	625	122	816
Mileage	471	176	56	-	1,850	2,553
Miscellaneous	255	636	191	191	357	1,630
Office expense	829	2,986	885	829	640	6,169
Oral supplements	-	13,357	-	-	-	13,357
Postage	303	3,458	303	259	2,345	6,668
Printing and publications	297	652	4,807	178	35,859	41,793
Promotional expense	-	-	378	-	94,108	94,486
Rent expense	21,200	53,000	15,900	15,900	28,615	134,615
Repairs and maintenance	582	2,765	437	1,067	-	4,851
Retirement match	-	2,224	-	2,225	-	4,449
Security	-	-	-	-	3,466	3,466
Supplies	323	1,155	3,094	46	26,810	31,428
Supplies (client)	-	70,300	-	-	-	70,300
Telephone	1,126	2,815	844	844	-	5,629
Transportation assistance	-	21,989	-	-	-	21,989
Travel	-	-	-	60	883	943
Utilities	9,196	22,990	6,897	6,897	-	45,980
Website	-	-	8,955	-	-	8,955
Total other expenses	65,795	307,366	70,611	72,061	265,053	780,886
TOTAL EXPENSES	\$ 148,827	\$ 628,426	\$ 153,644	\$ 138,487	\$ 265,053	\$ 1,334,437

See Independent Auditor's Report and notes to the combined financial statements.

MILES PERRET CANCER SERVICES AND AFFILIATE

Combined Statement of Cash Flows
Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	\$ (467,902)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:	
Depreciation	14,703
(Increase) decrease in assets:	
Other receivables	(1,528)
Prepaid expenses	(3,681)
Inventory	18,171
Increase (decrease) in liabilities:	
Accounts payable	<u>(2,987)</u>
Net cash used by operating activities	<u>(443,224)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Decrease in investments, net	<u>579,333</u>
Net cash provided by investing activities	<u>579,481</u>
Net increase in cash and cash equivalents	136,257
CASH AND CASH EQUIVALENTS, beginning of year	<u>171,881</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 308,138</u>

See Independent Auditor's Report and notes to the combined financial statements.

MILES PERRET CANCER SERVICES AND AFFILIATE

Notes to Combined Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

The accompanying financial statements include the combined accounts of Miles Perret Cancer Services and its affiliate, Games of Acadiana L.L.C. The entities are commonly owned, managed, and operated. All significant intercompany balances and transactions have been eliminated.

Nature of Activities

Miles Perret Cancer Services, a nonprofit corporation (“Organization”), was formed on March 1, 2002 pursuant to the laws of the State of Louisiana. It is a planning, fund-raising, and allocating organization serving the Acadiana area. Miles Perret Cancer Services is located in Lafayette Parish. The objective of the Organization is to serve those in Acadiana fighting cancer, with care and compassion. The Organization also conducts an annual fundraising event, the Games of Acadiana, to fund the Miles Perret Cancer Services. The majority of the contributions generated are from the Games of Acadiana, private donations, and grants. The Organization is governed by a volunteer board of directors.

Income Tax Exemption

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore has no provision for federal income taxes. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code. It is also exempt from Louisiana income tax. However, should the Organization engage in activities unrelated to its exempt purpose, taxable income could result. The Organization had no material unrelated business income for the fiscal year under audit.

Accounting Standards Codification 740 (ASC 740) requires that a tax position be recognized or derecognized based on a "more than not" threshold. This applies to positions taken or expected to be taken in a tax return where there is uncertainty about whether a tax position will ultimately be sustained upon examination. The Organization has evaluated its tax positions and determined that it does not have any uncertain tax positions that meet the requirements of ASC 740. Accordingly, implementation of ASC 740 did not have any impact on the accompanying financial statements.

Basis of Accounting

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Accounting Standards Codification No. 958-205-20, Not-for-Profit Entities – Presentation of Financial Statements - Glossary. Under FASB ASC 958-205-20, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

MILES PERRET CANCER SERVICES AND AFFILIATE

Notes to Combined Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations or grantor-imposed restrictions.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations or grantor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations or grantor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Cash and Cash Equivalents

For financial statement purposes, the Organization considers all unrestricted highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Revenue Recognition

Unconditional promises to give (pledges) are recognized as revenue when they are received or unconditionally pledged. All pledges are available for unrestricted use unless specifically restricted by the donor. Pledges that are designated by the donor for specific beneficiaries are considered agency transactions, and are not considered contributions and thus are reduced from pledges.

Investments

The Organization has adopted the Financial Accounting Standards Board in its Statement of Accounting Standards Codification No. 958-320, “*Not-for-Profit Entities-Investments-Debt and Equity Securities.*” Under FASB ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Capital Assets

Capital assets include office furniture, equipment and auto/transport equipment. The Organization capitalizes expenses in excess of \$1,000 which are capitalized at cost for purchased items and at their estimated fair market value for donated items. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is provided over the estimated useful lives of the respective assets using straight-line depreciation methods, which range from five to ten years.

MILES PERRET CANCER SERVICES AND AFFILIATE

Notes to Combined Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services and Equipment

Donated services and equipment are reflected in the accompanying statements at their estimated values at the date of receipt. The donations of services are recognized if the services (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing these skills and would typically need to be purchased if not provided by donations. No amounts have been reflected in the statements for volunteer services, since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and its fundraising activities.

Inventory

Inventory is stated at the lower of cost or market. Inventory consists of materials donated and purchased to fund programs and support services of the Organization.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$94,486 for 2017, of this amount, \$93,284 represent in-kind donations.

Compensated Absences

Employees of the Organization are entitled to paid vacation and paid sick days, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

Subsequent Events

The Organization has evaluated subsequent events through June 15, 2018, the date the financial statements were available to be issued.

MILES PERRET CANCER SERVICES AND AFFILIATE

Notes to Combined Financial Statements

NOTE 2 INVESTMENTS

Investments are stated at fair value, and consist of cash, cash equivalents and U.S. Securities (all Level 1 Measurements). Fair values and unrealized appreciation (depreciation) at December 31, 2017 are summarized as follows:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
U.S. Securities	\$ 951,792	\$ 1,205,031	\$ 253,239
Cash and cash equivalents	<u>110,941</u>	<u>110,941</u>	-
Total	<u>\$ 1,062,733</u>	<u>\$ 1,315,972</u>	<u>\$ 253,239</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2017.

	Unrestricted
Interest and dividends	\$ 34,512
Investment administrative fees	(6,068)
Net unrealized gains (losses)	53,163
Net realized gains (losses)	<u>59,363</u>
	<u>\$ 140,970</u>

NOTE 3 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Land	\$ 498,000	\$ -	\$ -	\$ 498,000
Auto/Transport Equipment	64,974	-	-	64,974
Office furniture and fixtures	3,510	-	-	3,510
Equipment	<u>121,430</u>	-	-	<u>121,430</u>
Total	<u>687,914</u>	-	-	<u>687,914</u>
Accumulated depreciation	<u>124,496</u>	<u>14,703</u>	-	<u>139,199</u>
Capital assets, net	<u>\$ 563,418</u>	<u>\$ (14,703)</u>	<u>\$ -</u>	<u>\$ 548,715</u>

MILES PERRET CANCER SERVICES AND
AFFILIATE

Notes to Combined Financial Statements

NOTE 4 DONATED MATERIALS, FACILITIES, AND SERVICES

Donated materials, facilities, and services were used for the Organization for general administration purposes and to use in its programs and supporting services. The value of donated materials, facilities, and services included in the financial statement are as follows:

Materials	\$ 33,940
Facilities	106,000
Services	<u>105,344</u>
Total donated services and equipment	<u>\$ 245,284</u>

NOTE 5 EMPLOYEE RETIREMENT BENEFIT PLANS

The Organization has approved a Simple IRA plan effective January 2016. The Organization will match up to 3% of the employees' salaries annually for eligible employees who participate in the program. Employees are eligible after two years of employment. The matching amount will be determined at the beginning of each year, but the Organization must match at least 3% in 3 of every 5 years. Retirement expense for the year ended December 31, 2017 was \$4,449.

NOTE 6 CONCENTRATION OF CREDIT RISK

The Organization maintains deposits with financial institutions that may at times exceed the Federal Deposit Insurance Corporation insured limits. The Organization has not experienced any losses in such accounts and believes that there is not any significant credit risk associated with cash.