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**NEW MEXICO
CANCER CENTER
ALLIANCE**

**FINANCIAL STATEMENTS
AND INDEPENDENT
AUDITOR'S REPORT**

JUNE 30, 2018 and 2017

Accounting • Business Consultation • Auditing & Assurance

NEW MEXICO CANCER CARE ALLIANCE

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Independent Auditor's Report

Board of Directors
New Mexico Cancer Care Alliance
Albuquerque, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the New Mexico Cancer Care Alliance (the "Alliance"), a nonprofit organization, which comprise the statements of financial position as of June 30, 2018 and 2017, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Alliance as of June 30, 2018 and 2017, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2018, on our consideration of the Alliance's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Alliance's internal control over financial reporting and compliance.

Ricci & Company LLC

Albuquerque, New Mexico

October 5, 2018

NEW MEXICO CANCER CARE ALLIANCE
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

ASSETS

	2018	2017
Current Assets		
Cash and cash equivalents	\$ 564,820	571,432
Accounts receivable, net of allowance of \$2,500 as of June 30, 2018 and 2017	900,887	974,365
Prepaid expenses	9,549	10,431
Total current assets	1,475,256	1,556,228
Investments	1,332,061	721,496
Certificate of deposit	-	234,254
	1,332,061	955,750
Furniture and equipment	35,644	31,284
Less accumulated depreciation	(26,343)	(24,155)
Net furniture and equipment	9,301	7,129
Total assets	\$ 2,816,618	2,519,107

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 209,760	107,550
Accrued subject fees	925,603	874,558
Accrued payroll liabilities	197,470	79,287
Deferred revenue	79,881	39,483
Total liabilities	1,412,714	1,100,878
Net Assets		
Unrestricted	1,403,904	1,418,229
Total liabilities and net assets	\$ 2,816,618	2,519,107

See Notes to Financial Statements.

NEW MEXICO CANCER CARE ALLIANCE
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2018 and 2017

	2018	2017
Changes in Unrestricted Net Assets		
Support and Revenue		
Clinical trials and study revenue	\$ 3,238,153	2,735,118
In-kind donations	118,000	152,650
Annual participation fees	90,000	90,000
Interest and investment income	12,862	10,517
Grants	-	2,000
Contributions	7,680	1,433
Other income	1,428	-
Total support and revenue	3,468,123	2,991,718
Expenses		
Program services		
Clinical trials	3,196,281	2,620,832
Education	28,968	15,781
Total program services	3,225,249	2,636,613
Supporting services		
Management and general	257,199	233,065
Total expenses	3,482,448	2,869,678
Change in unrestricted net assets	(14,325)	122,040
Unrestricted net assets, beginning of year	1,418,229	1,296,189
Unrestricted Net assets, end of year	\$ 1,403,904	1,418,229

See Notes to Financial Statements.

NEW MEXICO CANCER CARE ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2018

	Clinical Trials	Education	Management & General	Total
Payroll and related expenses				
Salaries and wages	\$ 648,630	8,327	16,152	673,109
Payroll taxes	51,219	666	434	52,319
Employee benefits	58,798	298	13,878	72,974
Total payroll and related expenses	758,647	9,291	30,464	798,402
Other expenses				
Subject fees	1,764,960	-	-	1,764,960
Consulting fees	113,559	-	78,500	192,059
Institutional Review Board	158,233	-	-	158,233
Site start-up costs	119,381	-	-	119,381
Contract labor	45,415	499	14,314	60,228
Insurance	-	-	50,586	50,586
Coverage analysis	42,150	-	-	42,150
Software	12,798	-	14,130	26,928
Rent	-	-	26,267	26,267
Events	5,744	14,899	-	20,643
Monitoring	16,653	-	-	16,653
Travel and mileage	9,337	409	1,955	11,701
Conferences and meetings	575	-	10,202	10,777
Continuing education	9,760	-	-	9,760
Office	3,537	26	5,296	8,859
Accounting and auditing	-	-	7,364	7,364
Telephone	1,098	-	3,981	5,079
License and permits	4,983	-	-	4,983
Storage	4,385	-	-	4,385
Annual directory	-	3,608	-	3,608
Postage and delivery	2,629	-	612	3,241
Meals and food	2,054	236	-	2,290
Repairs, maintenance, and small equipment	428	-	2,285	2,713
Miscellaneous	-	-	1,090	1,090
Bank fees	-	-	1,070	1,070
Recruitment	747	-	-	747
Dues and subscriptions	450	-	-	450
Legal fees	403	-	-	403
Printing and reproduction	231	-	55	286
Leases	124	-	59	183
Total other expenses	2,319,634	19,677	217,766	2,557,077
Non-cash expenses				
Medical consultants - in-kind	118,000	-	-	118,000
Depreciation	-	-	2,188	2,188
Bad debt expense	-	-	6,781	6,781
Total non-cash expenses	118,000	-	8,969	126,969
Total expenses	\$ 3,196,281	28,968	257,199	3,482,448

See Notes to Financial Statements.

NEW MEXICO CANCER CARE ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2017

	Clinical Trials	Education	Management & General	Total
Payroll and related expenses				
Salaries and wages	\$ 559,508	8,969	37,600	606,077
Payroll taxes	42,113	717	4,227	47,057
Employee benefits	45,218	332	11,140	56,690
Total payroll and related expenses	646,839	10,018	52,967	709,824
Other expenses				
Subject fees	1,387,993	-	-	1,387,993
Institutional Review Board	150,865	-	-	150,865
Site start-up costs	117,314	-	-	117,314
Contract labor	47,143	577	18,684	66,404
Coverage analysis	47,990	-	-	47,990
Insurance	-	-	39,089	39,089
Professional services	805	-	34,969	35,774
Software	12,871	-	17,186	30,057
Rent	-	-	25,828	25,828
Events	6,924	1,750	12,411	21,085
Continuing education	19,283	-	-	19,283
Conferences and meetings	4,712	-	7,122	11,834
Travel and mileage	7,514	-	523	8,037
Accounting and auditing	-	-	7,700	7,700
Office	60	-	5,689	5,749
Telephone	1,064	-	3,863	4,927
License and permits	4,626	-	211	4,837
Repairs, maintenance, and small equipment	2,365	-	1,906	4,271
Annual directory	-	3,361	-	3,361
Storage	3,282	-	-	3,282
Meals and food	3,004	-	72	3,076
Postage and delivery	1,362	-	621	1,983
Recruitment	1,388	-	-	1,388
Miscellaneous	54	-	496	550
Dues and subscriptions	400	-	145	545
Bank fees	-	-	358	358
Printing and reproduction	200	75	-	275
Leases	124	-	-	124
Total other expenses	1,821,343	5,763	176,873	2,003,979
Non-cash expenses				
Medical consultants - in-kind	152,650	-	-	152,650
Depreciation	-	-	1,630	1,630
Bad debt expense	-	-	1,595	1,595
Total non-cash expenses	152,650	-	3,225	155,875
Total expenses	\$ 2,620,832	15,781	233,065	2,869,678

See Notes to Financial Statements.

NEW MEXICO CANCER CARE ALLIANCE
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2018 and 2017

	2018	2017
Cash Flows From Operating Activities		
Cash received from clinical trials	\$ 3,345,248	2,485,555
Cash received from contributions and participant fees	97,680	91,433
Cash received from grants	12,862	2,000
Interest received	(9,137)	10,517
Other cash receipts	-	-
Cash paid to employees and suppliers	(3,083,159)	(2,398,646)
Net cash provided by operating activities	363,494	190,859
Cash Flows From Investing Activities		
Purchase of furniture & equipment	(4,360)	(3,445)
Purchase of investments	(600,000)	(721,496)
Redemption of certificate of deposit	234,254	103,870
Net cash used by investing activities	(370,106)	(621,071)
Net decrease in cash and cash equivalents	(6,612)	(430,212)
Cash and cash equivalents, beginning of year	571,432	1,001,644
Cash and cash equivalents, end of year	\$ 564,820	571,432
Reconciliation of Change in Net Assets to Net Cash		
Provided by Operating Activities		
Change in net assets	\$ (14,325)	122,040
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Reinvested investment income	(10,565)	-
Depreciation	2,188	1,630
Bad debt expense	6,781	1,595
Changes in operating assets and liabilities		
Accounts receivable	66,697	(241,183)
Prepaid expenses	882	(2,179)
Accounts payable and accrued payroll liabilities	220,393	(3,922)
Accrued subject fees	51,045	322,853
Deferred revenue	40,398	(9,975)
Total adjustments	377,819	68,819
Net cash provided by operating activities	\$ 363,494	190,859

See Notes to Financial Statements.

NEW MEXICO CANCER CARE ALLIANCE
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

NOTE 1. ORGANIZATION

Organization. The New Mexico Cancer Care Alliance (the "Alliance") was incorporated in February 2002 to provide New Mexico cancer patients and their families' access to the latest research, technologies, and clinical services in prevention, screening, detection, diagnosis/staging, treatment, supportive care, and continued surveillance through collaboration among public and private healthcare providers. The Alliance's programs consist of cancer clinical trials and educational programs for patients to better understand and participate in the management of their disease. The Alliance's main sources of support and revenue are received from pharmaceutical companies who sponsor the clinical trials, contributions, and in-kind donations.

Participants in activities sponsored or supported by the Alliance are organized into classes. Class A participants consist of board-certified physicians licensed to practice medicine in the state of New Mexico who either have oncology as a significant portion of their practice or actively participate in cancer clinical trials. Class B participants are founding institutional participants and consist of the Regents of the University of New Mexico and the New Mexico VA Health Care System. Class C participants are also founding institutional participants and consist of health care systems that own and operate acute-care hospitals licensed to operate as such by the state of New Mexico and authorized to participate in medical research involving human subjects. As of June 30, 2018, and 2017, Class C participants consisted of Presbyterian Healthcare Services, AHS Holding Company, and Lovelace Health Systems. Class D participants are acute-care hospitals licensed to operate as such by the state of New Mexico or operated in the state of New Mexico by an agency of the federal government and authorized to participate in medical research involving human subjects. As of June 30, 2018, and 2017, Memorial Medical Center and St. Vincent Regional Medical Center were Class D participants. In consideration for their participation, Class B, C, and D Participation Agreements require contributions to be made to the Alliance. There are also Sub-class D participants which are the same as Class D participants; however, no contributions are required of Sub-Class D participants. Class B, C, and D participants have representatives on the Board of Directors of the Alliance.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents. For purposes of the statement of cash flows, the Alliance considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Advertising Costs. Advertising costs are expensed as incurred.

Support. The Alliance reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is satisfied, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Alliance held no temporarily or permanently restricted net assets during 2018 or 2017.

Accounts Receivable. Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. Management estimates the adequacy of the allowance for uncollectible receivables based on historical collections, specific impaired receivables, and other situations that may affect the collection of the receivables. Receivables are charged off against the allowance in the period in which management determines the receivable is uncollectible.

NEW MEXICO CANCER CARE ALLIANCE
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Furniture and Equipment. Furniture and equipment are stated at cost. Furniture and equipment received by donation are recorded at the estimated fair value on the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Alliance reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Alliance reclassifies restricted net assets to unrestricted net assets at that time. Purchased or donated property in excess of \$750 is capitalized. Depreciation is calculated on a straight-line basis in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives, which range from five to ten years.

Income Taxes. On October 17, 2006, the Alliance received its final determination letter from the Internal Revenue Service indicating its exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code and classifying the organization as an organization that is not a private foundation.

Use of Estimates. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires 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. Expenses are charged directly to program and supporting services based on specific identification. Costs benefiting more than one service are allocated based on measures such as management's estimates of time spent. Immaterial amounts of fundraising expenses are presented as management and general expenses.

Donated Services and Materials. Donated services are recorded if the services create or enhance nonfinancial assets, require specialized skills, are provided by individuals who possess those skills, and would have been purchased by the Alliance had they not been provided. Recognized donated services and materials are recorded at the fair value of the services on the date of donation. During the years ended June 30, 2018 and 2017, the Alliance received and recognized \$118,000 and \$152,650, respectively, of donated medical services from physicians and other medical professionals participating on the Protocol Review Monitoring Committee.

Investments. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Reclassifications. Certain reclassifications were made to the 2017 financial statement presentation. Net assets and changes in net assets were unchanged due to these reclassifications.

Subsequent Events. Subsequent events have been evaluated through October 5, 2018, which is the date the financial statements were available to be issued.

NEW MEXICO CANCER CARE ALLIANCE
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Pronouncements. The Financial Accounting Standards Board (FASB) has issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The amendments in this update were issued to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. To achieve that objective, and upon adoption, the Alliance will be required to disclose qualitative and quantitative information about its contracts with customers, the significant judgements and changes in those judgements as well as any assets recognized from the costs to obtain or fulfill a contract with a customer. The amendments in this update are effective for fiscal years beginning after December 15, 2019. Early adoption of ASC Topic 606 is permitted for public business entities and certain other specified entities only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Alliance has not yet adopted Topic 606.

In addition, FASB has issued ASU No. 2016-02, *Leases (Topic 842)*. The amendments in this update were issued to increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The main difference between previous GAAP and Topic 842 is the recognition of lease assets and lease liabilities for those leases classified as operating leases under previous GAAP. The amendments in this update are effective for fiscal years beginning after December 15, 2019. Early application is permitted; however, the Alliance has not yet adopted Topic 842.

FASB has also issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*. The amendments in this update were issued to improve the current net asset classification requirements and the information presented in Not-for-Profit financial statements and notes. The update simplifies the Statement of Financial Position by requiring only two net asset classifications: net assets with donor restrictions and net assets without donor restrictions. The amendments in this update are effective for fiscal years beginning after December 15, 2019. Early application is permitted. The Alliance has not yet adopted Topic 842.

NOTE 3. CERTIFICATE OF DEPOSIT

The Alliance purchased a 24-month certificate of deposit in April 2015. In addition, the Alliance purchased a 17-month certificate of deposit in May 2015. The cost and fair market value of the certificates of deposit as of June 30, 2017 was \$234,254. The certificates matured in the year ended June 30, 2018 and were not renewed.

NOTE 4. EMPLOYEE BENEFITS

After ninety days of employment, employees of the Alliance are eligible to participate in a retirement plan designed to comply with the requirements of Section 401(k) of the Internal Revenue Code. The Alliance matches the employee's contribution 100%, up to 4% of the employee's compensation. Employer contributions to the retirement plan for the years ended June 30, 2018 and 2017, were \$14,699 and \$18,837, respectively.

NEW MEXICO CANCER CARE ALLIANCE
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

NOTE 5. LINE OF CREDIT

The Alliance has a \$50,000 line of credit with interest at prime rate plus 4.75%. The Alliance is required to pay interest charges, annual fees, and late fees, returned check fees, and over-limit fees, as applicable, each month. Payments made in excess of these required payments are applied to the outstanding balance in an order determined by the bank issuing the line of credit. There is no stated maturity date. There were no advances on this line of credit during the years ended June 30, 2018 and 2017.

NOTE 6. LEASE

The Alliance's offices are located in the UNM Cancer Center. A lease agreement for this space was entered into with the Regents of the University of New Mexico. The current lease term expires in February, 2021. Effective February 2016, the lease calls for monthly lease payments of \$2,126 with an annual 3% escalation. Lease expense related to this lease was \$26,267 and \$25,828 for the years ended June 30, 2018 and 2017, respectively. Future minimum lease payments related to this lease at June 30 are as follows:

2019	\$	27,411
2020		28,235
2021		<u>16,755</u>
	\$	<u>72,401</u>

NOTE 7. RELATED PARTY TRANSACTIONS

As stated in Note 1, certain class participants are required to make contributions to the Alliance in consideration for their participation.

The Executive Director of the Alliance is an employee of the UNM Cancer Center. The Alliance and the UNM Cancer Center entered into an agreement which provides that the Alliance will pay for 25% of the compensation of the Executive Director for services provided to the Alliance, based on the estimated amount of time this employee spends on Alliance-related activities. The agreement provides for continued extensions on an annual basis. The Alliance paid UNM Cancer Center \$49,894 and \$47,143 for the services of the Executive Director during the years ended June 30, 2018 and 2017, respectively. This amount is recorded as contract labor in the statements of functional expenses.

The Alliance also entered into an agreement with UNM Cancer Center for the use of a UNM Cancer Center employee to provide administrative services to the Alliance. The agreement provides for continued extensions on an annual basis. The Alliance paid UNM Cancer Center \$10,334 and \$18,684 for these services during the years ended June 30, 2018 and 2017, respectively. This amount is recorded as contract labor in the statement of functional expenses.

Also see Note 6 for description of leasing arrangement with UNM Cancer Center.

NEW MEXICO CANCER CARE ALLIANCE
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

NOTE 8. ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES

FASB issued FASB ASC 740-10, Accounting for Uncertainty in Income Taxes, which provides guidance on how to measure and account for various tax positions. The Alliance determined no material unrecognized tax benefits or liabilities exist as of June 30, 2018 and 2017. If applicable, the Alliance will recognize interest and penalties related to underpayment of income taxes as income tax expense. As of June 30, 2018, and 2017, the Alliance had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Alliance does not anticipate any significant changes to unrecognized tax benefits over the next year.

Management of the Alliance believes its activities allow it to continue to be classified as an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and believes there are no activities subject to unrelated business income tax. The Alliance files federal Form 990, Return of Organization Exempt from Income Tax, with the Internal Revenue Service and copies of Form 990 with states in which the Alliance is registered, as required. The statute of limitations for examination of the Alliance's returns expires three years from the due date of the return or the date filed, whichever is later. The Alliance's tax returns by statute, may be subject to normal federal and state examinations up to three years from the date of filing.

NOTE 9. CONCENTRATIONS

The Alliance maintains its cash and cash equivalent balances in various financial institutions. These cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA) up to \$250,000. The balances insured by the FDIC exceeded the insured limits during the years ended June 30, 2018 and 2017 by \$71,188 and \$314,459, respectively. The Alliance did not experience any losses in these accounts and believes it is not exposed to any significant credit risk related to the uninsured cash balances.

NOTE 10. FAIR VALUE MEASUREMENTS

The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 Inputs - unadjusted quoted prices for identical assets or liabilities in active markets that the Alliance has the ability to access.

Level 2 Inputs - Includes

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data
- By correlation or other means.

NEW MEXICO CANCER CARE ALLIANCE
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

NOTE 10. FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 Inputs -unobservable inputs which reflect the Alliance's own assumptions about the assumptions market participants would use in pricing the asset or liability.

The following table summarizes the assets of the Alliance, measured at fair value on a recurring basis as of June 30, 2018:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market	\$ 28,282	\$ 28,282	\$ -	\$ -
Equity	117,074	117,074	-	-
Fixed income	1,149,873	1,149,873	-	-
Real assets	36,832	36,832	-	-
Total	<u>\$ 1,332,061</u>	<u>\$ 1,332,061</u>	<u>\$ -</u>	<u>\$ -</u>

The following table summarizes the assets of the Alliance measured at fair value on a recurring basis as of June 30, 2017:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market	\$ 37,131	\$ 37,131	\$ -	\$ -
Equity	61,432	61,432	-	-
Fixed income	585,647	585,647	-	-
Real assets	37,286	37,286	-	-
Certificates of deposit	234,254	234,254	-	-
Total	<u>\$ 955,750</u>	<u>\$ 955,750</u>	<u>\$ -</u>	<u>\$ -</u>

Fair values for long-term investments and endowment investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

Investment income at June 30 consists of:

	2018	2017
Dividends and interest	\$ 31,563	16,120
Fees	(3,646)	(3,707)
Net investment loss	<u>(15,055)</u>	<u>(1,896)</u>
Total investment income	<u>\$ 12,862</u>	<u>10,517</u>



Service plus value, it all adds up.

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505 338 0800 office www.riccicpa.com

**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Independent Auditor's Report

Board of Directors
New Mexico Cancer Care Alliance
Albuquerque, New Mexico

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the New Mexico Cancer Care Alliance (the "Alliance") which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 5, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Alliance's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Alliance's internal control. Accordingly, we do not express an opinion on the effectiveness of the Alliance's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Directors of
New Mexico Cancer Care Alliance
Albuquerque, New Mexico

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Alliance's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ricci & Company LLC

Albuquerque, New Mexico
October 5, 2018