



National Breast Cancer Foundation, Inc.

Financial Statements
June 30, 2021 and 2020

National Breast Cancer Foundation, Inc.

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Independent Auditors' Report

Board of Directors
National Breast Cancer Foundation, Inc.

We have audited the accompanying financial statements of National Breast Cancer Foundation, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2021 and 2020, 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 U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 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 National Breast Cancer Foundation, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

A handwritten signature in cursive script that reads "Sutton Frost Cary".

A Limited Liability Partnership

Arlington, Texas
October 1, 2021

National Breast Cancer Foundation, Inc.
Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 2,372,933	\$ 2,269,923
Investments	3,081,751	2,629,881
Contributions receivable	1,618,689	535,568
Royalties receivable	748,976	297,335
Other receivables	29,467	1,892
Prepaid expenses	206,717	232,701
Donated inventory	37,933	50,600
Property and equipment, net	134,472	139,934
Total assets	\$ 8,230,938	\$ 6,157,834
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 269,381	\$ 233,532
Paycheck Protection Program loans	645,139	648,300
Grants payable, net	127,041	443,668
Deferred rent	27,223	26,161
Total liabilities	1,068,784	1,351,661
Net assets:		
Without donor restrictions	5,767,369	4,745,423
With donor restrictions	1,394,785	60,750
Total net assets	7,162,154	4,806,173
Total liabilities and net assets	\$ 8,230,938	\$ 6,157,834

See notes to financial statements.

National Breast Cancer Foundation, Inc.
Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions and royalties	\$ 7,602,689	\$ 237,364	\$ 7,840,053
In-kind contributions	9,874,640	1,157,421	11,032,061
Investment income, net	300,146	-	300,146
Special events, net of direct costs of \$118,916	17,345	-	17,345
Other income	24,007	-	24,007
Net assets released from restrictions	60,750	(60,750)	-
Total revenue and support	17,879,577	1,334,035	19,213,612
Expenses:			
Program services:			
Patient services	2,728,721	-	2,728,721
Education and outreach	8,040,694	-	8,040,694
Survivor support	3,172,998	-	3,172,998
Total program services	13,942,413	-	13,942,413
Supporting services:			
Management and general	2,023,174	-	2,023,174
Fundraising	1,499,579	-	1,499,579
Total supporting services	3,522,753	-	3,522,753
Total operating expenses	17,465,166	-	17,465,166
Excess of revenue and support over expenses	414,411	1,334,035	1,748,446
Non-operating gain and (loss):			
Gain on forgiveness of Paycheck Protection Program loan	648,300	-	648,300
Loss on disposal of property and equipment	(26,675)	-	(26,675)
Donation of inventory	(14,090)	-	(14,090)
Total non-operating gain and (loss)	607,535	-	607,535
Change in net assets	1,021,946	1,334,035	2,355,981
Net assets at beginning of year	4,745,423	60,750	4,806,173
Net assets at end of year	\$ 5,767,369	\$ 1,394,785	\$ 7,162,154

See notes to financial statements.

National Breast Cancer Foundation, Inc.

Statement of Activities Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions and royalties	\$ 7,413,905	\$ 275,000	\$ 7,688,905
In-kind contributions	8,889,453	-	8,889,453
Investment income, net	107,405	-	107,405
Other income	22,525	-	22,525
Net assets released from restrictions	775,914	(775,914)	-
Total revenue and support	17,209,202	(500,914)	16,708,288
Expenses:			
Program services:			
Patient services	2,289,705	-	2,289,705
Education and outreach	9,081,403	-	9,081,403
Survivor support	1,681,922	-	1,681,922
Total program services	13,053,030	-	13,053,030
Supporting services:			
Management and general	2,182,304	-	2,182,304
Fundraising	1,361,392	-	1,361,392
Total supporting services	3,543,696	-	3,543,696
Total operating expenses	16,596,726	-	16,596,726
Non-operating expenses:			
Donation of inventory	15,633	-	15,633
Total expenses	16,612,359	-	16,612,359
Change in net assets	596,843	(500,914)	95,929
Net assets at beginning of year	4,148,580	561,664	4,710,244
Net assets at end of year	<u>\$ 4,745,423</u>	<u>\$ 60,750</u>	<u>\$ 4,806,173</u>

See notes to financial statements.

National Breast Cancer Foundation, Inc.
Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services				Supporting Services			
	Patient Services	Education and Outreach	Survivor Support	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Grants to others	\$ 1,394,532	\$ -	\$ 132,150	\$ 1,526,682	\$ -	\$ -	\$ -	\$ 1,526,682
Donated goods, media and other	504	7,747,793	2,299,625	10,047,922	25,489	196,605	222,094	10,270,016
Salaries and benefits	1,048,147	112,686	436,992	1,597,825	1,458,308	878,987	2,337,295	3,935,120
Professional and outside services	49,519	25,481	70,443	145,443	104,122	110,529	214,651	360,094
Office expense	132,453	28,412	202,720	363,585	250,042	111,587	361,629	725,214
General and administrative	95,073	46,581	27,528	169,182	156,629	157,309	313,938	483,120
Sales and marketing	5,528	79,422	2,581	87,531	19,226	41,288	60,514	148,045
Travel	2,965	319	959	4,243	9,358	2,326	11,684	15,927
Special events	-	-	-	-	-	119,864	119,864	119,864
Total expense by function	2,728,721	8,040,694	3,172,998	13,942,413	2,023,174	1,618,495	3,641,669	17,584,082
Less: expenses included with revenues on the statement of activities -								
Direct costs of special events	-	-	-	-	-	(118,916)	(118,916)	(118,916)
Total expenses included in the operating expense section on the statement of activities	\$ 2,728,721	\$ 8,040,694	\$ 3,172,998	\$ 13,942,413	\$ 2,023,174	\$ 1,499,579	\$ 3,522,753	\$ 17,465,166

See notes to financial statements.

National Breast Cancer Foundation, Inc.
Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services			Supporting Services				
	Patient Services	Education and Outreach	Survivor Support	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Grants to others	\$ 1,522,880	\$ 266,000	\$ 101,542	\$ 1,890,422	\$ -	\$ -	\$ -	\$ 1,890,422
Donated goods, media and other	23,942	7,439,003	1,320,886	8,783,831	32,383	56,499	88,882	8,872,713
Salaries and benefits	557,354	880,033	93,013	1,530,400	1,462,273	886,765	2,349,038	3,879,438
Professional and outside services	16,754	44,071	26,047	86,872	96,939	122,411	219,350	306,222
Office expense	103,663	190,192	126,879	420,734	345,063	127,922	472,985	893,719
General and administrative	50,473	108,190	5,579	164,242	202,817	123,517	326,334	490,576
Sales and marketing	8,831	140,134	3,443	152,408	24,999	25,908	50,907	203,315
Travel	5,808	13,780	4,533	24,121	17,830	18,370	36,200	60,321
Total expenses included in the operating expense section on the statement of activities	<u>\$ 2,289,705</u>	<u>\$ 9,081,403</u>	<u>\$ 1,681,922</u>	<u>\$ 13,053,030</u>	<u>\$ 2,182,304</u>	<u>\$ 1,361,392</u>	<u>\$ 3,543,696</u>	<u>\$ 16,596,726</u>

See notes to financial statements.

National Breast Cancer Foundation, Inc.
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 2,355,981	\$ 95,929
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	74,897	126,587
Gain on forgiveness of Paycheck Protection Program loan	(648,300)	-
Loss on disposal of property and equipment	26,675	-
Realized investment gain	(62,174)	(61,498)
Unrealized investment (gain) loss	(145,057)	28,566
Change in discount on grants payable	9,119	7,211
Changes in assets and liabilities:		
Contributions receivable	(1,083,121)	166,665
Royalties receivable	(451,641)	184,587
Other receivables	(27,575)	12
Prepaid expenses	25,984	(39,674)
Donated inventory	12,667	43,286
Accounts payable and accrued expenses	35,849	56,913
Grants payable	(325,746)	(490,480)
Deferred rent	1,062	(78,484)
Net cash provided (used) by operating activities	(201,380)	39,620
Cash flows from investing activities:		
Purchases of property and equipment	(96,110)	(59,997)
Proceeds from sales of investments	1,122,417	1,599,299
Purchases of investments	(1,367,056)	(1,079,346)
Net cash provided (used) by investing activities	(340,749)	459,956
Cash flows from financing activities:		
Proceeds from issuance of Paycheck Protection Program loans	645,139	648,300
Change in cash and cash equivalents	103,010	1,147,876
Cash and cash equivalents at beginning of year	2,269,923	1,122,047
Cash and cash equivalents at end of year	\$ 2,372,933	\$ 2,269,923
Noncash financing activities:		
Forgiveness of Paycheck Protection Program loan	\$ 648,300	\$ -

See notes to financial statements.

National Breast Cancer Foundation, Inc.

Notes to Financial Statements

1. Organization

The National Breast Cancer Foundation, Inc. (Organization) was incorporated April 25, 1991 as a Texas nonprofit corporation to save lives through early detection and to provide mammograms for those in need. The Organization's stated mission is: "Helping women now. Providing help and inspiring hope to those affected by breast cancer through early detection, education and support services." The Organization is primarily supported by contributions from individuals and other organizations.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Organization prepares the financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

Net assets with donor restrictions - Net assets subject to donor stipulations that will be met by actions of the Organization and/or the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board of directors approved spending policy. As of June 30, 2021 and 2020, no such net asset restrictions existed.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

National Breast Cancer Foundation, Inc.

Notes to Financial Statements

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less.

Investments

Investments in marketable securities are stated at fair value. Realized and unrealized gains and losses, as well as related investment income, are reflected in the statements of activities.

Contributions and Royalties Receivable

All contributions and royalties receivables are expected to be collected in a term of less than one year. Based on management's assessment of collectability, no allowance for doubtful accounts has been recorded as of June 30, 2021 and 2020.

Inventory

The Organization maintains inventory consisting of different program products and awareness items for distribution. The majority of this inventory is donated and is accounted for on the first-in, first out method based on the original cost, if purchased, or estimated fair value, if donated.

Property and Equipment

Property and equipment purchased by the Organization are recorded at cost or if acquired by gift, at the fair value at the date of the gift. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is calculated using the straight-line method based upon the estimated useful lives of 3 to 10 years, except for leasehold improvements which are amortized over the lesser of the useful life of the asset or the term of the lease.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

National Breast Cancer Foundation, Inc.

Notes to Financial Statements

Grants Payable

Grant expense is recognized in the period the grant is approved by management, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as grant payable in the period in which the grantee meets the terms of the conditions. Grants payable that are expected to be paid in future years are recorded at the present value of expected future payments. At June 30, 2020, grants payable were discounted using the year-end risk-free rate of 1.67% for each year grants were made, resulting in a total discount of \$9,119. At June 30, 2021, no discount was necessary due to the balance being payable within one year. During the year ended June 30, 2021, grants payable from prior years totaling \$337,500 were written off as a decrease to grant expense due to a change in agreement with the grantee, under which the Organization was no longer liable to pay the grant.

Deferred Rent

The Organization records rental expense on a straight-line basis over the term of the lease agreement. The difference between payments made and rental expense is reflected as deferred rent.

Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Donated materials are reflected as contributions at their estimated fair values at date of receipt. The Organization recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

The Organization enters into licensing agreements with sponsors, whereby it grants the sponsor use of its name and logo. Where these agreements provide for a guaranteed minimum royalty over the term of the agreement, the Organization recognizes the minimum royalty per the licensing agreement at the time of the contract and once assets have been released for use. Additional income is recognized when received at a point in time. Where these agreements do not provide for a guaranteed minimum royalty, income is recognized when received at a point in time.

National Breast Cancer Foundation, Inc.

Notes to Financial Statements

Functional Expenses

The costs of providing the programs and supporting activities have been summarized on a functional basis in the financial statements. Costs are allocated between program services and support services based on management's judgment considering space used, time spent or direct relation to the program or support service benefited. Costs specifically identifiable to only one function are charged 100% to that function. Expenses not directly chargeable to one functional category are allocated based upon percentage of time, purpose, or square footage.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimated.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in IRC Section 501(c)(3), except to the extent it has unrelated business income. In addition, the Organization has been determined by the Internal Revenue Service (IRS) not to be a private foundation within the meaning of Section 509(a) of the IRC. The Organization did not have a material unrelated business income tax liability as of June 30, 2021 and 2020. Accordingly, no tax provision or liability has been reported in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Organization's tax return and recognition of a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2021 and 2020, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

Reclassification

Items related to the Payroll Protection Plan loan in the 2020 financial statements have been reclassified for transparency and to conform with the 2021 presentation.

New Accounting Pronouncements

Changes to GAAP are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASUs) to the FASB's Accounting Standards Codification. The Organization considers the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Organization's financial position and changes in net assets.

National Breast Cancer Foundation, Inc.

Notes to Financial Statements

In 2016, the FASB issued its leasing standard in ASU 2016-02, *Leases*, for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use assets and related lease liabilities on the statement of financial position for all lease arrangements with terms longer than 12 months. The pattern of expense recognition in the statement of activities will depend on a lease's classification. For not-for-profit organizations, the standard takes effect for fiscal years beginning after December 15, 2021.

In 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The Organization will be required to present contributed nonfinancial assets as a separate line items in the statement of activities, apart from contributions of cash or other financial assets, and additional quantitative and qualitative disclosures will be required. The standard takes effect for annual reporting periods beginning after June 15, 2021.

The Organization is currently assessing the impact that adopting this new guidance will have on the financial statements.

3. Investments

The Organization records financial instruments at estimated fair value. Fair value accounting defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- | | |
|---------|---|
| Level 1 | Quoted prices in active markets for identical assets or liabilities as of the reporting date; |
| Level 2 | Observable inputs other than Level 1 prices, such as quoted prices in active markets for similar assets or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets; |
| Level 3 | Unobservable inputs that are supported by little or no market activity and the reporting entity makes estimates or assumptions related to the pricing of the asset or liability including assumptions regarding risk. |

National Breast Cancer Foundation, Inc.
Notes to Financial Statements

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy:

Mutual funds: Valued at the net asset value (NAV) of shares held by the Organization at year end. The NAV is a quoted price in an active market.

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

Exchange-Traded Funds: Exchange-traded funds traded on a national securities exchange are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy.

Money market fund: Valued using \$1 for the NAV.

The investments held by the Organization are measured using Level 1 inputs.

The following table sets forth the Organization's investments at cost and fair value for the years ended June 30:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Large cap mutual funds	\$ 1,828,635	\$ 2,050,165	\$ 1,373,194	\$ 1,404,666
Fixed income mutual funds	518,856	500,544	909,160	924,955
Stocks and ETFs	411,267	506,003	211,470	275,224
Money market fund	25,039	25,039	25,036	25,036
Total investments	<u>\$ 2,783,797</u>	<u>\$ 3,081,751</u>	<u>\$ 2,518,860</u>	<u>\$ 2,629,881</u>

National Breast Cancer Foundation, Inc.
Notes to Financial Statements

4. Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 107,410	\$ 315,178
Software	317,707	317,707
Computer equipment	275,851	279,743
Production equipment	198,790	191,452
Office equipment	76,893	133,165
Leasehold improvements	<u>63,623</u>	<u>887,088</u>
	1,040,274	2,124,333
Less accumulated depreciation and amortization	<u>(905,802)</u>	<u>(1,984,399)</u>
Total property and equipment, net	<u>\$ 134,472</u>	<u>\$ 139,934</u>

Depreciation and amortization expense for the years ended June 30, 2021 and 2020 totaled \$74,897 and \$126,587, respectively.

5. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of amounts restricted by donors for the following purposes at June 30:

	<u>2021</u>	<u>2020</u>
Patient Point	\$ 1,157,421	\$ -
HOPE Kits	217,364	-
Podcast and media equipment	20,000	-
Metastatic retreat	-	15,000
Video production	<u>-</u>	<u>45,750</u>
	<u>\$ 1,394,785</u>	<u>\$ 60,750</u>

National Breast Cancer Foundation, Inc.
Notes to Financial Statements

6. In-Kind Contributions

The Organization received the following in-kind contributions during the year ended June 30, 2021:

	Program Services	Management and General	Fundraising	Assets	Total
Media and Breast Health Training	\$ 8,853,812	\$ -	\$ -	\$ -	\$ 8,853,812
Program goods	2,037,323	-	-	-	2,037,323
Other	-	30,969	50,930	105,246	187,145
	<u>\$ 10,891,135</u>	<u>\$ 30,969</u>	<u>\$ 50,930</u>	<u>\$ 105,246</u>	<u>\$ 11,078,280</u>

Included in the fundraising amount above is \$46,219 of in-kind contributions related to special events, which is shown as special event revenue on the accompanying statements of activities.

The Organization received the following in-kind contributions during the year ended June 30, 2020:

	Program Services	Management and General	Fundraising	Assets	Total
Media	\$ 7,685,405	\$ -	\$ -	\$ -	\$ 7,685,405
Breast Health Training program	1,102,265	-	-	-	1,102,265
Other	-	-	7,185	94,598	101,783
	<u>\$ 8,787,670</u>	<u>\$ -</u>	<u>\$ 7,185</u>	<u>\$ 94,598</u>	<u>\$ 8,889,453</u>

7. Retirement Programs

The Organization sponsors a variable deferred compensation plan administered by a national insurance company. The plan allows for a discretionary employer contribution with certain limits. During the years ended June 30, 2021 and 2020, the Organization did not contribute to the plan. The Organization also sponsors a 401(k) plan with an employer match of employee contributions not to exceed four percent of the employee's annual compensation. During the years ended June 30, 2021 and 2020, the Organization contributed \$97,518 and \$59,123, respectively, to the plan.

8. Lease Commitment

The Organization leased its corporate office space under a non-cancellable operating lease agreement which expired October 31, 2020. Subsequently, the Organization entered into a new lease for office space on January 1, 2021. The lease includes free rent incentives and fixed rent escalations, which are amortized and recorded over the lease term on a straight-line basis. Total rent expense for the office leases for the years ended June 30, 2021 and 2020 was \$355,415 and \$535,475, respectively.

National Breast Cancer Foundation, Inc.

Notes to Financial Statements

Future minimum lease payments under the office lease agreement for the years ending June 30 are as follows:

2022	\$	336,339
2023		342,445
2024		<u>174,021</u>
	\$	<u><u>852,805</u></u>

During the year ended June 30, 2018, the Organization entered into a non-cancellable operating lease agreement for office equipment expiring in February 2023.

Future minimum lease payments under the equipment lease agreement for the years ending June 30 are as follows:

2022	\$	38,532
2023		<u>24,083</u>
	\$	<u><u>62,615</u></u>

9. Concentrations and Credit and Market Risk

Financial instruments which are potentially subject to concentrations of credit and market risk consist principally of cash and cash equivalents, investments, and royalties and contributions receivable. Cash and cash equivalents are placed with high credit quality financial institutions, which at times may exceed federally insured limits. At June 30, 2021, cash balances exceeded federally insured limits by \$1,434,433. The Organization has not experienced any loss on such accounts.

Investments are exposed to a variety of uncertainties, including interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these instruments could occur in the near term. Such changes could materially affect the amounts reported in the financial statements of the Organization. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes. At June 30, 2021 and 2020, three investment funds account for 83% and 89% of total investments, respectively.

Three sponsors accounted for approximately 52% of the total royalties receivable balance at June 30, 2021. Three sponsors accounted for approximately 57% of the total royalties receivable balance at June 30, 2020.

At June 30, 2021, the balance due from one pledge totaled approximately 72% of total contributions receivable. At June 30, 2020, the balance due from one pledge totaled approximately 93% of total contributions receivable.

National Breast Cancer Foundation, Inc.

Notes to Financial Statements

10. Related Party Transactions

During the years ended June 30, 2021 and 2020, the Organization awarded COVID-19 Patient Relief and Patient Navigator Program Grants in the amounts of \$118,300 and \$105,560, respectively, to a hospital for which a member of the board of directors is also a director. During the year ended June 30, 2020, the Organization awarded a Breast Health Awareness and Education Grant in the amount of \$266,000 to a nonprofit organization for which a member of the Board of Directors is the Chief Executive Officer. The grants are included as program expense in the accompanying statements of activities.

The Chief Executive Officer and Chief Operating Officer/President for the Organization are related. Management believes the terms of the related party transactions for employment are more favorable to the Organization than could be attained from non-affiliated parties.

11. Coronavirus Aid, Relief, and Economic Security Act and Other Coronavirus Events

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic and recommended containment and mitigation measures worldwide. The coronavirus outbreak has caused business disruption through mandated closings of non-essential businesses and severely restricted the level of economic activity around the world. The Organization has adjusted operational plans to protect the employees and individuals served while still meeting client needs for essential services. The Organization continues to closely monitor the impact of COVID-19 on all aspects of the business. As a result of the pandemic, the Organization cancelled their spring 2020 fundraising event, resulting in approximately \$50,000 in lost revenue. Given the uncertainty of the spread and duration of the coronavirus, any further related financial impact to the Organization, if any, cannot be determined at this time.

Paycheck Protection Program Loan

On April 10, 2020, the Organization entered into an unsecured loan (PPP loan) in the aggregate amount of \$648,300 with a bank pursuant to the Paycheck Protection Program (PPP), which is sponsored by the Small Business Administration, and is part of the Coronavirus Aid, Relief and Economic Security Act, as amended by the Paycheck Protection Program Flexibility Act of 2020. The Organization has met all requirements for forgiveness as of June 30, 2021. Accordingly, forgiveness of the PPP loan is shown as gain on forgiveness of debt in the accompanying statement of activities for the year ended June 30, 2021.

On January 28, 2021 the Organization received \$645,139 under the second iteration of the PPP loan, which has similar terms as the original. The Organization has elected to show these loan proceeds as debt until forgiveness is received. Management expects the loan to be forgiven in full.

National Breast Cancer Foundation, Inc.

Notes to Financial Statements

12. Liquidity and Availability of Resources

The Organization's financial assets available for general expenditure within one year of the statement of financial position date are as follows at June 30:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,372,933	\$ 2,269,923
Investments	3,081,751	2,629,881
Contributions receivable	1,618,689	535,568
Royalties receivable	748,976	297,335
Other receivables	<u>29,467</u>	<u>1,892</u>
Total financial assets available to meet cash needs for general expenditures within one year	7,851,816	5,734,599
Less amounts not available for general expenditures within one year		
In-kind contributions receivable	(1,157,421)	(503,000)
Restricted by donors for specified purposes	<u>(237,364)</u>	<u>(60,750)</u>
Total financial assets not available for general expenditures within one year	<u>(1,394,785)</u>	<u>(563,750)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,457,031</u>	<u>\$ 5,170,849</u>

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide future continuity and financial stability with the ability to draw upon in the event of an unanticipated liquidity need. The Organization has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 30 days operating expenses. To achieve these targets, the Organization forecasts its future cash flows and monitors its reserves and liquidity weekly. During the years ended June 30, 2021 and 2020, the level of liquidity and reserves was managed within the policy requirements.

13. Subsequent Events

The Organization evaluated subsequent events through the date the financial statements were available to be issued and concluded that no additional disclosures are required.