



National Breast Cancer Foundation, Inc.

Financial Statements
June 30, 2023 and 2022

National Breast Cancer Foundation, Inc.
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Independent Auditors' Report

Board of Directors of
National Breast Cancer Foundation, Inc.

Opinion

We have audited the accompanying financial statements of National Breast Cancer Foundation, Inc. (a nonprofit organization), (Organization) which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, 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 (GAAP).

Basis For Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Organization changed its method of accounting for its leases effective July 1, 2022, as required by the provisions of Financial Accounting Standards Board Accounting Standards Update 2016-02, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

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

A Limited Liability Partnership

Arlington, Texas
October 24, 2023

National Breast Cancer Foundation, Inc.
Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 6,149,506	\$ 4,297,503
Contributions receivable	1,224,107	1,638,950
Royalties receivable	701,960	790,225
Other receivables	1,791	33,505
Prepaid expenses	301,538	215,793
Donated inventory	114,850	42,145
Investments	5,849,871	3,704,049
Property and equipment, net	89,647	104,526
Right-of-use assets - operating leases, net	1,365,675	-
Total assets	\$ 15,798,945	\$ 10,826,696
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 262,638	\$ 235,843
Deferred rent	-	37,125
Deferred revenue	25	-
Right-of-use liabilities - operating leases	1,407,031	-
Total liabilities	1,669,694	\$272,968
Net assets:		
Without donor restrictions	13,242,263	9,016,538
With donor restrictions	886,988	1,537,190
Total net assets	14,129,251	10,553,728
Total liabilities and net assets	\$ 15,798,945	\$ 10,826,696

See notes to financial statements.

National Breast Cancer Foundation, Inc.
Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions of cash, financial assets, and royalties	\$ 10,828,410	\$ -	\$ 10,828,410
Grants	7,539,043	-	7,539,043
Contributions of nonfinancial assets	3,423,299	1,403,918	4,827,217
Investment income, net	499,709	-	499,709
Special events, net of direct costs of \$41,952	51,488	-	51,488
Other income	51,904	-	51,904
Net assets released from restrictions	2,054,120	(2,054,120)	-
Total revenue and support	24,447,973	(650,202)	23,797,771
Expenses:			
Program services:			
Patient services	7,328,791	-	7,328,791
Education and outreach	3,483,186	-	3,483,186
Survivor support	5,076,008	-	5,076,008
Total program services	15,887,985	-	15,887,985
Supporting services:			
Management and general	2,464,026	-	2,464,026
Fundraising	1,871,237	-	1,871,237
Total supporting services	4,335,263	-	4,335,263
Total operating expenses	20,223,248	-	20,223,248
Excess (deficit) of revenue and support over expenses	4,224,725	(650,202)	3,574,523
Non-operating gain:			
Gain on disposal of property and equipment	1,000	-	1,000
Change in net assets	4,225,725	(650,202)	3,575,523
Net assets at beginning of year	9,016,538	1,537,190	10,553,728
Net assets at end of year	\$ 13,242,263	\$ 886,988	\$ 14,129,251

See notes to financial statements.

National Breast Cancer Foundation, Inc.
Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions of cash, financial assets, and royalties	\$ 12,199,520	\$ 118,312	\$ 12,317,832
Contributions of nonfinancial assets	8,087,577	1,404,398	9,491,975
Investment loss, net	(297,565)	-	(297,565)
Other income	33,856	-	33,856
Net assets released from restrictions	1,380,305	(1,380,305)	-
Total revenue and support	\$21,403,693	142,405	21,546,098
Expenses:			
Program services:			
Patient services	3,044,917	-	3,044,917
Education and outreach	3,306,777	-	3,306,777
Survivor support	8,503,237	-	8,503,237
Total program services	14,854,931	-	14,854,931
Supporting services:			
Management and general	2,172,672	-	2,172,672
Fundraising	1,770,603	-	1,770,603
Total supporting services	3,943,275	-	3,943,275
Total operating expenses	18,798,206	-	18,798,206
Excess of revenue and support over expenses	2,605,487	142,405	2,747,892
Non-operating gains and (loss):			
Gain on forgiveness of Paycheck Protection Program loan	645,139	-	645,139
Gain on disposal of property and equipment	1,385	-	1,385
Donation of inventory	(2,842)	-	(2,842)
Total non-operating gain and (loss)	643,682	-	643,682
Change in net assets	3,249,169	142,405	3,391,574
Net assets at beginning of year	5,767,369	1,394,785	7,162,154
Net assets at end of year	\$ 9,016,538	\$ 1,537,190	\$ 10,553,728

See notes to financial statements.

National Breast Cancer Foundation, Inc.
Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services				Supporting Services			Total Expenses
	Patient Services	Education and Outreach	Survivor Support	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Programmatic grants	\$ 6,672,889	\$ 94,000	\$ 324,348	\$ 7,091,237	\$ -	\$ -	\$ -	\$ 7,091,237
Donated goods, media and other	-	1,990,005	3,066,252	5,056,257	42,535	182,465	225,000	5,281,257
Salaries and benefits	515,839	861,230	859,519	2,236,588	1,628,557	1,042,897	2,671,454	4,908,042
Professional and outside services	23,415	168,079	439,309	630,803	169,243	92,928	262,171	892,974
Office expense	57,461	130,310	312,800	500,571	183,668	75,839	259,507	760,078
General and administrative	49,241	93,281	49,538	192,060	387,942	252,467	640,409	832,469
Sales and marketing	3,271	126,867	12,261	142,399	33,775	191,787	225,562	367,961
Travel	6,675	19,414	11,981	38,070	18,306	30,274	48,580	86,650
Special events	-	-	-	-	-	44,532	44,532	44,532
Total expense by function	\$ 7,328,791	\$ 3,483,186	\$ 5,076,008	\$ 15,887,985	\$ 2,464,026	\$ 1,913,189	\$ 4,377,215	\$ 20,265,200
Less: expenses included with revenues on the statement of activities -								
Direct costs of special events	-	-	-	-	-	(41,952)	(41,952)	(41,952)
Total expenses included in the operating expense section on the statement of activities	\$ 7,328,791	\$ 3,483,186	\$ 5,076,008	\$ 15,887,985	\$ 2,464,026	\$ 1,871,237	\$ 4,335,263	\$ 20,223,248

See notes to financial statements.

National Breast Cancer Foundation, Inc.
Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services			Supporting Services			Total Expenses	
	Patient Services	Education and Outreach	Survivor Support	Total Program Services	Management and General	Fundraising		Total Supporting Services
Programmatic grants	\$ 2,597,229	\$ 53,500	\$ 250,946	\$ 2,901,675	\$ -	\$ -	\$ -	\$ 2,901,675
Donated goods, media and other	1,680	2,192,580	6,871,027	9,065,287	45,325	130,687	176,012	9,241,299
Salaries and benefits	340,178	681,885	854,708	1,876,771	1,571,311	922,022	2,493,333	4,370,104
Professional and outside services	21,780	39,693	100,282	161,755	117,336	147,716	265,052	426,807
Office expense	43,923	116,619	341,557	502,099	184,532	96,279	280,811	782,910
General and administrative	35,803	82,230	60,581	178,614	210,068	241,214	451,282	629,896
Sales and marketing	899	130,986	15,574	147,459	31,782	217,612	249,394	396,853
Travel	3,425	9,284	8,562	21,271	12,318	15,073	27,391	48,662
Total expense by function	\$ 3,044,917	\$ 3,306,777	\$ 8,503,237	\$14,854,931	\$ 2,172,672	\$ 1,770,603	\$ 3,943,275	\$18,798,206

See notes to financial statements.

National Breast Cancer Foundation, Inc.
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 3,575,523	\$ 3,391,574
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization of right-of-use assets - operating leases	311,834	-
Depreciation and amortization	56,799	64,509
Gain on forgiveness of Paycheck Protection Program loan	-	(645,139)
(Gain) loss on disposal of property and equipment	(1,000)	(1,385)
Realized investment (gain) loss	9,247	(1,081)
Unrealized investment (gain) loss	(178,337)	436,803
Changes in assets and liabilities:		
Contributions receivable	414,843	(20,261)
Royalties receivable	88,265	(41,249)
Other receivables	31,714	(4,038)
Prepaid expenses	(85,745)	(9,076)
Donated inventory	(72,705)	(4,212)
Accounts payable and accrued expenses	26,795	(33,538)
Grants payable	-	(127,041)
Deferred revenue	25	-
Deferred rent	-	9,902
Right-of-use liabilities - operating leases	(307,602)	-
Net cash provided by operating activities	3,869,656	3,015,768
Cash flows from investing activities:		
Purchases of property and equipment	(41,919)	(33,178)
Proceeds from sales of property and equipment	1,000	-
Proceeds from sales of investments	1,447,118	2,012
Purchases of investments	(3,423,852)	(1,085,071)
Net cash used by investing activities	(2,017,653)	(1,116,237)
Change in cash and cash equivalents	1,852,003	1,899,531
Cash and cash equivalents at beginning of year	4,297,503	2,397,972
Cash and cash equivalents at end of year	\$ 6,149,506	\$ 4,297,503
Noncash financing activities:		
Forgiveness of Paycheck Protection Program loan	\$ -	\$ 645,139
Supplemental cash flow information:		
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 1,677,508	\$ -

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 accounting principles generally accepted in the United States of America (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, 2023 and 2022, 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

National Breast Cancer Foundation, Inc.

Notes to Financial Statements

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.

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, 2023 and 2022.

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, 2023 and 2022, there were no grants payable.

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. Deferred rent was eliminated for the year ending June 30, 2023 due to the implementation of Accounting Standards Board Accounting Standards Update 2016-02, *Leases*. See Note 8 for lease implementation.

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, 2023 and 2022. 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, 2023 and 2022, 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.

Accounting Pronouncement Adopted

The Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). The guidance in the ASU supersedes the current leasing guidance. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The ASU also required expanded disclosures related to the amount, timing and uncertainty of cash flows arising from leases. The Organization recorded the impact of adoption as of July 1, 2022, using the

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Notes to Financial Statements

modified retrospective method resulting in the recording of a right-of-use assets and right-of-use liabilities totaling \$1,677,508. No changes were required to net assets as of July 1, 2022.

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.

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.

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Notes to Financial Statements

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 as of June 30:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Large cap mutual funds	\$ 2,330,897	\$ 2,431,385	\$ 1,150,666	\$ 1,102,312
Fixed income mutual funds	1,782,185	1,598,146	1,677,035	1,559,022
Stocks and ETFs	1,710,667	1,820,340	1,029,837	1,042,715
Total investments	<u>\$ 5,823,749</u>	<u>\$ 5,849,871</u>	<u>\$ 3,857,538</u>	<u>\$ 3,704,049</u>

Net investment returns consist of the following for the years ended June 30:

	2023	2022
Interest and dividend income	\$ 371,845	\$ 171,009
Realized gains (losses) on investments	(9,247)	1,081
Unrealized gains (losses) on investments	178,337	(436,803)
Investment fees	(41,226)	(32,852)
	<u>\$ 499,709</u>	<u>\$ (297,565)</u>

4. Property and Equipment

Property and equipment consist of the following at June 30:

	2023	2022
Furniture and equipment	\$ 103,855	\$ 107,410
Software	317,707	317,707
Computer equipment	307,642	292,026
Production equipment	177,628	167,943
Office equipment	76,540	66,881
Leasehold improvements	85,408	85,408
Construction in progress	3,649	-
	1,072,429	1,037,375
Less accumulated depreciation and amortization	<u>(982,783)</u>	<u>(932,849)</u>
Total property and equipment, net	<u>\$ 89,646</u>	<u>\$ 104,526</u>

Depreciation and amortization expense for the years ended June 30, 2023 and 2022 totaled \$56,799 and \$64,509, respectively.

National Breast Cancer Foundation, Inc.
Notes to Financial Statements

5. Net Assets With Donor Restrictions

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

	2023	2022
Patient Point	\$ 699,865	\$ 936,398
HOPE Kits	186,046	468,000
Outreach events	-	80,000
Metastatic retreat	-	36,548
Podcast and media equipment	-	14,480
Health kits	1,077	1,764
	\$ 886,988	\$ 1,537,190

6. Contributions of Nonfinancial Assets

The Organization received the following contributions of nonfinancial assets during the year ended June 30, 2023:

	Program Services	Management and General	Fundraising	Assets	Total
Goods	\$ 3,148,819	\$ -	\$ 8,597	\$ 60,222	\$ 3,217,638
Services	-	198,151	-	-	198,151
Media	1,411,428	-	-	-	1,411,428
	\$ 4,560,247	\$ 198,151	\$ 8,597	\$ 60,222	\$ 4,827,217

The Organization received the following contributions of nonfinancial assets during the year ended June 30, 2022:

	Program Services	Management and General	Fundraising	Assets	Total
Goods	\$ 6,900,327	\$ -	\$ 602	\$ 19,485	\$ 6,920,414
Services	-	510,608	-	-	510,608
Media	2,060,953	-	-	-	2,060,953
	\$ 8,961,280	\$ 510,608	\$ 602	\$ 19,485	\$ 9,491,975

Goods

Contributed goods are reported at fair value using retail prices or fair value information obtained from the donor. If fair market value information is unavailable, value is calculated using retail value obtained from suppliers having comparable goods.

National Breast Cancer Foundation, Inc.

Notes to Financial Statements

Services

Contributed services are valued and reported at the standard invoice rate offered by the donor.

Media

Donated media services are valued proportionally to the amount of media exposure received as a result of the gift using rates for comparable services. Thorough details are provided by the donor.

During the years ended June 30, 2023 and 2022, \$4,188 and \$468,000 of donated goods were restricted by the donor for use in HOPE Kits, respectively. During the year ended June 30, 2023, the Organization received \$4,532 of donated goods related to special events with no restrictions. During the years ended June 30, 2023 and 2022, the Organization received donated media with implied time restrictions totaling \$1,399,730 and \$936,398, respectively.

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. 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, 2023 and 2022, the Organization contributed \$119,722 and \$240,455, respectively, to the plans.

8. Leases

In evaluating its contracts, the Organization separately identifies lease and nonlease components, such as common area and other maintenance costs, in calculating the right-of-use (ROU) assets and lease liabilities for office space and equipment. The Organization has elected the practical expedient to not separate lease and nonlease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the nonlease component.

Leases result in the recognition of ROU assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit rate when readily

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determinable. As most of the leases do not provide an implicit rate, the Organization uses the incremental borrowing rate or the risk-free rate based on the information available at the commencement date to determine the present value of lease payments. Risk-free rates used to determine the present value of lease payments was derived by reference to the interest paid on short-term government debt.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term. The Organization has elected not to record leases with an initial term of 12 months or less on the statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Leases

The Organization leases its office space and certain equipment under operating lease agreements. The agreements expire in May 2027 and March 2028, respectively. Future minimum lease payments and reconciliations to the statement of financial position are as follows for the years ending June 30:

2024		\$ 366,904
2025		373,001
2026		379,109
2027		354,178
2028		<u>11,415</u>
Total future undiscounted lease payments	\$	1,484,607
Less present value discount		<u>(77,576)</u>
Lease liabilities		<u><u>1,407,031</u></u>

The following is the lease cost and other required information for the year ended June 30, 2023:

Total operating lease cost		<u>\$ 354,325</u>
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$	<u>307,602</u>
Right-of-use assets obtained in exchange for new lease liabilities		<u>\$1,677,508</u>
Weighted-average remaining lease term:		
Operating leases		<u>3.96 years</u>
Weighted-average discount rate:		
Operating leases		<u>2.79%</u>

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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, 2023, cash balances exceeded federally insured limits by \$2,120,195. 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, 2023 and 2022, three investment funds account for 76% and 69% of total investments, respectively.

Three sponsors accounted for approximately 64% and 46% of the total royalties receivable balance at June 30, 2023 and 2022, respectively.

The balance due from two pledges totaled approximately 70% of total contributions receivable at June 30, 2023. The balance due from one pledge totaled approximately 57% of total contributions receivable balance at June 30, 2022.

10. Related Party Transactions

During the years ended June 30, 2023 and 2022, the Organization awarded COVID-19 Patient Relief and Patient Navigator Program Grants in the amounts of \$192,271 and \$114,240, respectively, to a hospital for which a member of the board of directors is also a director.

During the years ended June 30, 2023 and 2022, the Organization received donations consisting of financial and nonfinancial assets from employees and board members totaling \$127,129 and \$24,500, respectively.

During the year ended June 30, 2023, the Organization purchased event services totaling \$95,000 from an organization whose president is a member of the board of directors. During the year ended June 30, 2022, the Organization purchased event services totaling \$53,500 from an organization whose president is a member of the board of directors.

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.

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11. Paycheck Protection Program Loan

On January 28, 2021, the Organization entered into the second iteration of the PPP unsecured loan (PPP loan) in the aggregate amount of \$645,139 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 received formal forgiveness on October 18, 2021. Accordingly, the 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, 2022.

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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 6,149,506	\$ 4,297,503
Investments	5,849,871	3,704,049
Contributions receivable	1,224,107	1,638,950
Royalties receivable	701,960	790,225
Other receivables	<u>1,791</u>	<u>33,505</u>
Total financial assets available to meet cash needs for general expenditures within one year	13,927,235	10,464,232
Less amounts not available for general expenditures within one year:		
Contributions receivable of nonfinancial assets	(885,911)	(1,404,398)
Restricted by donors for specified purposes	<u>(1,077)</u>	<u>(132,792)</u>
Total financial assets not available for general expenditures within one year	<u>(886,988)</u>	<u>(1,537,190)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 13,040,247</u>	<u>\$ 8,927,042</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

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the years ended June 30, 2023 and 2022, the level of liquidity and reserves was managed within the policy requirements.

13. Subsequent Events

Management has evaluated subsequent events through, October 24, 2023, the date the financial statements were available to be issued and concluded that no additional disclosures are required.