



National Breast Cancer Foundation, Inc.

**Financial Statements
June 30, 2020 and 2019**

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 statement of financial position as of June 30, 2020 and 2019, 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, 2020 and 2019, 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
September 23, 2020

National Breast Cancer Foundation, Inc.
Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 2,269,923	\$ 1,122,047
Investments	2,629,881	3,116,903
Contributions receivable	535,568	702,233
Royalties receivable	297,335	481,922
Other receivables	1,892	1,904
Prepaid expenses	232,701	193,027
Donated inventory	50,600	93,886
Property and equipment, net	139,934	206,522
Total assets	\$ 6,157,834	\$ 5,918,444
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 881,832	\$ 176,619
Grants payable, net	443,668	926,936
Deferred rent liability	26,161	104,645
Total liabilities	1,351,661	1,208,200
Net assets:		
Without donor restrictions	4,745,423	4,148,580
With donor restrictions	60,750	561,664
Total net assets	4,806,173	4,710,244
Total liabilities and net assets	\$ 6,157,834	\$ 5,918,444

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 Activities
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions and royalties	\$ 7,123,396	\$ -	\$ 7,123,396
In-kind contributions	5,584,070	561,664	6,145,734
Investment income, net	198,060	-	198,060
Special events, net of direct costs of \$556,030	52,134	-	52,134
Other income	2,467	-	2,467
Net assets released from restrictions	677,631	(677,631)	-
Total revenue and support	13,637,758	(115,967)	13,521,791
Expenses:			
Program services:			
Patient services	2,796,962	-	2,796,962
Education and outreach	6,680,496	-	6,680,496
Survivor support	1,195,232	-	1,195,232
Total program services	10,672,690	-	10,672,690
Supporting services:			
Management and general	2,386,232	-	2,386,232
Fundraising	1,043,623	-	1,043,623
Total supporting services	3,429,855	-	3,429,855
Total expenses	14,102,545	-	14,102,545
Change in net assets	(464,787)	(115,967)	(580,754)
Net assets at beginning of year	4,613,367	677,631	5,290,998
Net assets at end of year	\$ 4,148,580	\$ 561,664	\$ 4,710,244

See notes to financial statements.

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

	Program Services			Total Program Services	Supporting Services			Total Expenses
	Patient Services	Education and Outreach	Survivor Support		Management and General	Fundraising	Supporting Services	
Grants to others	\$ 1,522,880	\$ 266,000	\$ 101,542	\$ 1,890,422	\$ -	\$ -	\$ -	\$ 1,890,422
Donated media services and other	-	7,384,886	-	7,384,886	31,259	53,587	84,846	7,469,732
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	32,773	194,251	1,324,329	1,551,353	26,123	28,820	54,943	1,606,296
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	\$ 2,289,705	\$ 9,081,403	\$ 1,681,922	\$ 13,053,030	\$ 2,182,304	\$ 1,361,392	\$ 3,543,696	\$ 16,596,726

See notes to financial statements.

National Breast Cancer Foundation, Inc.
Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services			Total Program Services	Supporting Services			Total Expenses
	Patient Services	Education and Outreach	Survivor Support		Management and General	Fundraising	Supporting Services	
Grants to others	\$ 1,414,718	\$ 379,000	\$ 142,428	\$ 1,936,146	\$ -	\$ -	\$ -	\$ 1,936,146
Donated media services and other	3,186	5,214,024	222,459	5,439,669	-	118,701	118,701	5,558,370
Salaries and benefits	1,059,790	451,019	152,970	1,663,779	1,617,357	452,629	2,069,986	3,733,765
Professional and outside services	17,748	17,413	8,225	43,386	166,128	88,485	254,613	297,999
Office expense	193,272	129,183	76,716	399,171	355,851	114,757	470,608	869,779
General and administrative	85,792	54,401	11,391	151,584	199,052	135,285	334,337	485,921
Sales and marketing	10,445	406,004	572,920	989,369	25,795	33,058	58,853	1,048,222
Special events and costs of sales	-	-	-	-	-	643,274	643,274	643,274
Travel	12,011	29,452	8,123	49,586	22,049	13,464	35,513	85,099
Total expense by function	2,796,962	6,680,496	1,195,232	10,672,690	2,386,232	1,599,653	3,985,885	14,658,575
Less: expenses included with revenues on the statement of activities-								
Direct costs of special events	-	-	-	-	-	(556,030)	(556,030)	(556,030)
Total expenses included in the expense section on the statement of activities	\$ 2,796,962	\$ 6,680,496	\$ 1,195,232	\$ 10,672,690	\$ 2,386,232	\$ 1,043,623	\$ 3,429,855	\$ 14,102,545

See notes to financial statements.

National Breast Cancer Foundation, Inc.
Statement of Cash Flows
Year Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 95,929	\$ (580,754)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	126,587	172,084
Realized investment gain	(61,498)	(58,496)
Unrealized investment (gain) loss	28,566	(34,854)
Change in discount on grants payable	7,211	8,941
Changes in assets and liabilities:		
Contributions receivable	166,665	100,495
Royalties receivable	184,587	(75,813)
Other receivables	12	(663)
Prepaid expenses	(39,674)	(24,523)
Donated inventory	43,286	146,448
Accounts payable and accrued expenses	705,213	(18,450)
Grants payable	(490,480)	(124,783)
Deferred rent liability	(78,484)	(69,662)
Net cash provided (used) by operating activities	687,920	(560,030)
Cash flows from investing activities:		
Purchases of property and equipment	(59,997)	(24,705)
Proceeds from sales of investments	1,599,299	1,302,454
Purchases of investments	(1,079,346)	(682,665)
Net cash provided by investing activities	459,956	595,084
Change in cash and cash equivalents	1,147,876	35,054
Cash and cash equivalents at beginning of year	1,122,047	1,086,993
Cash and cash equivalents at end of year	\$ 2,269,923	\$ 1,122,047

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 approved spending policy. As of June 30, 2020 and 2019, 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

National Breast Cancer Foundation, Inc.

Notes to Financial Statements

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 statement of activities.

Royalties Receivable

All royalty 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, 2020 and 2019.

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 and 2019, grants payable were discounted using the year-end risk-free rate of 1.67% for each year grants were made.

Deferred Rent

The Organization entered into an operating lease agreement for its corporate office as of February 10, 2006 with amendments to extend on January 23, 2012 and May 7, 2015, which contains a provision for future rent increases and tenant improvement allowances. In accordance with GAAP, rent cost is accounted for on a straight-line basis over the rent term.

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 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, 2020 and 2019. 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, 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.

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.

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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.

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

Accounting Pronouncements Adopted

In 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The entity should recognize revenue when (or as) the entity satisfies a performance obligation. Not-for-profit entities must consider whether certain arrangements are fully or partially subject to Topic 606. Examples include, but are not limited to memberships, sponsorships, grants and contracts. Further, judgment is required to bifurcate transactions between contribution and exchange components. The Organization has adopted this ASU as of and for the year ended June 30, 2020.

In 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Made* to address difficulty and diversity in practice among not-for-profit entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Topic 958, *Not-for-Profit Entities* or as exchanges (reciprocal transactions) subject to Topic 606 and (2) determining between conditional and unconditional contributions. This ASU applies to all entities that receive or make contributions. The term used in the presentation of financial statements to label revenue (for example, contribution, grant, donation) that is accounted for within Topic 958 is not a factor for determining whether an agreement is within the scope of that guidance. The Organization has adopted this ASU as of and for the year ended June 30, 2020.

Analysis of various provisions of the adopted ASUs resulted in no significant changes in the way the Organization recognizes revenue. The presentation and disclosures of revenue have been enhanced in accordance with the ASUs.

National Breast Cancer Foundation, Inc.

Notes to 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. |

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.

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

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Notes to Financial Statements

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

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Large cap mutual funds	\$ 1,373,194	\$ 1,404,666	\$ 1,210,647	\$ 1,311,985
Fixed income mutual funds	909,160	924,955	1,074,196	1,072,405
Stocks and ETFs	211,470	275,224	211,470	251,382
Money market fund	25,036	25,036	481,129	481,129
Total investments	\$ 2,518,860	\$ 2,629,881	\$ 2,977,442	\$ 3,116,901

4. Property and Equipment

Property and equipment consist of the following for the years ended June 30:

	2020	2019
Furniture and equipment	\$ 315,178	\$ 315,401
Website development	-	24,614
Software	317,707	263,688
Computer equipment	279,743	281,292
Production equipment	191,452	191,452
Office equipment	133,165	134,140
Leasehold improvements	887,088	887,088
	2,124,333	2,097,675
Less accumulated depreciation and amortization	(1,984,399)	(1,891,153)
Total property and equipment, net	\$ 139,934	\$ 206,522

Depreciation and amortization expense for the years ended June 30, 2020 and 2019 totaled \$126,587 and \$172,084, respectively.

National Breast Cancer Foundation, Inc.
Notes to Financial Statements

5. Grants Payable

As of June 30, 2020, grants payable are expected to be paid in the following years:

2021	\$ 227,786
2022	112,500
2023	<u>112,500</u>
Subtotal	452,786
Less discount to present value	<u>(9,119)</u>
Grants payable, net	<u><u>\$ 443,667</u></u>

6. Net Assets With Donor Restrictions

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

	<u>2020</u>	<u>2019</u>
Patient Point	\$ -	\$ 561,664
Metastatic retreat	15,000	-
Video production	<u>45,750</u>	<u>-</u>
	<u><u>\$ 60,750</u></u>	<u><u>\$ 561,664</u></u>

7. In-Kind Contributions

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

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

National Breast Cancer Foundation, Inc.
Notes to Financial Statements

The Organization received the following in-kind contributions during the year ended June 30, 2019:

	Program Services	Management and General	Fundraising	Assets	Total
Media	\$ 5,323,702	\$ -	\$ 118,701	\$ -	\$5,442,403
Other	679,729	8,775	2,309	12,518	703,331
	<u>\$ 6,003,431</u>	<u>\$ 8,775</u>	<u>\$ 121,010</u>	<u>\$ 12,518</u>	<u>\$6,145,734</u>

8. Retirement Programs

The Organization sponsors a variable deferred compensation plan administered by a national insurance company. The plan allows for an employer contribution up to twenty-one percent of total employee compensation with certain limits. During the years ended June 30, 2020 and 2019, 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, 2020 and 2019, the Organization contributed \$59,123 and \$84,534, respectively, to the plan.

9. Lease Commitment

The Organization leases its corporate office space under a non-cancellable operating lease agreement expiring October 31, 2020. The lease includes tenant improvement allowances and fixed rent escalations, which are amortized and recorded over the lease term on a straight-line basis. The lease has a five-year option to renew at the prevailing market rates and requires the Organization pay common area maintenance costs. Total rent expense for the office lease for the years ended June 30, 2020 and 2019 was approximately \$535,475 and \$564,000, respectively.

Future minimum lease payments under the office lease agreement total \$204,653 for the year ending June 30, 2021.

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

National Breast Cancer Foundation, Inc.

Notes to Financial Statements

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

2021	\$	38,532
2022		38,532
2023		<u>24,083</u>
	\$	<u>101,147</u>

10. 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, 2020, cash balances exceeded federally insured limits by \$1,553,881. 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, 2020 and 2019, three investment funds account for 89% and 78% of total investments, respectively.

Three sponsors accounted for approximately 57% of the total royalties receivable balance at June 30, 2020. Three sponsors accounted for approximately 54% of the total royalties receivable balance at June 30, 2019.

At June 30, 2020, the balance due from one pledge totaled approximately 93% of total contributions receivable. At June 30, 2019, the balance due from three pledges totaled approximately 93% of total contributions receivable.

11. Related Party Transactions

During the years ended June 30, 2020 and 2019, the Organization awarded National Mammography and Patient Navigator Program Grants in the amounts of \$105,560 and \$145,000, respectively, to a hospital for which a member of the Board of Directors is also a director. During the years ended June 30, 2020 and 2019, the Organization awarded a Breast Health Awareness and Education Grant in the amounts of \$266,000 and \$379,000, respectively, to a nonprofit

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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 statement 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.

12. Uncertainties

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. The coronavirus outbreak has severely restricted the level of economic activity. Due to the pandemic, the Organization experienced losses in its investment portfolio, none of which were determined to be other than temporary. The Organization cancelled their spring 2020 fundraising event, resulting in approximately \$50,000 in estimated lost revenue. Given the uncertainty of the spread of the coronavirus, the related financial impact to the Organization, if any, cannot be determined at this time.

13. 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:

	2020	2019
Cash and cash equivalents	\$ 2,269,923	\$ 1,122,047
Investments	2,629,881	3,116,903
Contributions receivable	535,568	702,233
Royalties receivable	297,335	481,922
Other receivables	1,892	1,904
Total financial assets available to meet cash needs for general expenditures within one year	5,734,599	5,425,009
Less amounts not available for general expenditures within one year		
In-kind contributions receivable	(503,000)	(561,664)
Restricted by donors for specified purposes	(60,750)	-
Total financial assets not available for general expenditures within one year	(563,750)	(561,664)
Total financial assets available to meet cash needs for general expenditures within one year	\$ 5,170,849	\$ 4,863,345

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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, 2020 and 2019, the level of liquidity and reserves was managed within the policy requirements.

14. 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.