

BREASTCANCER.ORG
FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2023 AND 2022



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Breastcancer.org
Ardmore, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Breastcancer.org (a nonprofit organization), which comprise the statements of financial position as of May 31, 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 Breastcancer.org as of May 31, 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.

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 Breastcancer.org 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Breastcancer.org's ability to continue as a going concern for one year after the date 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 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 Breastcancer.org'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 Breastcancer.org'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 audits.



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
April 15, 2024

BREASTCANCER.ORG
STATEMENTS OF FINANCIAL POSITION
MAY 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,956,362	\$ 3,926,363
Pledges Receivable	390,770	280,649
Accounts Receivable, Other	266,667	265,066
Prepaid Expenses	<u>19,614</u>	<u>13,536</u>
Total Current Assets	2,633,413	4,485,614
WEBSITE COSTS, PROPERTY, AND EQUIPMENT	3,335,729	3,732,497
OTHER ASSETS		
Pledges Receivable, Net of Current Portion	29,768	34,334
Security Deposits	<u>18,438</u>	<u>18,708</u>
Total Other Assets	<u>48,206</u>	<u>53,042</u>
Total Assets	<u><u>\$ 6,017,348</u></u>	<u><u>\$ 8,271,153</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 201,731	\$ 349,135
Note Payable, Current Portion	369,910	310,875
Deferred Revenue	-	944,402
PPP Loans	<u>-</u>	<u>379,537</u>
Total Current Liabilities	571,641	1,983,949
LONG-TERM LIABILITIES		
Note Payable, Less Current Maturities	<u>1,781,433</u>	<u>1,587,367</u>
Total Long-Term Liabilities	<u>1,781,433</u>	<u>1,587,367</u>
Total Liabilities	2,353,074	3,571,316
NET ASSETS		
Without Donor Restrictions:		
Undesignated	3,096,447	4,212,826
Board-Designated	<u>54,625</u>	<u>54,579</u>
Total Without Donor Restrictions	3,151,072	4,267,405
With Donor Restrictions	<u>513,202</u>	<u>432,432</u>
Total Net Assets	<u>3,664,274</u>	<u>4,699,837</u>
Total Liabilities and Net Assets	<u><u>\$ 6,017,348</u></u>	<u><u>\$ 8,271,153</u></u>

See accompanying Notes to Financial Statements.

BREASTCANCER.ORG
STATEMENTS OF ACTIVITIES
YEARS ENDED MAY 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions and Grants:						
Corporate Grants	\$ 1,843,903	\$ 665,000	\$ 2,508,903	\$ 1,884,782	\$ 230,000	\$ 2,114,782
Foundation Grants	44,887	-	44,887	61,529	-	61,529
Individuals	1,141,318	-	1,141,318	1,577,388	19,538	1,596,926
Website Monetization Revenue	1,778,649	-	1,778,649	1,904,474	-	1,904,474
Fundraisers and Special Events	434,842	-	434,842	424,463	-	424,463
In-Kind Contributions	577,717	-	577,717	593,665	-	593,665
Royalties and Product Sales, Net	77,118	-	77,118	92,454	-	92,454
Investment Income	6,140	-	6,140	313	-	313
Other Income	505,380	-	505,380	614,333	-	614,333
Net Assets Released from Restrictions	584,230	(584,230)	-	484,923	(484,923)	-
Total Support and Revenue	6,994,184	80,770	7,074,954	7,638,324	(235,385)	7,402,939
EXPENDITURES						
Program Services	6,493,738	-	6,493,738	5,369,868	-	5,369,868
Development	1,093,856	-	1,093,856	1,036,523	-	1,036,523
General and Administrative	522,923	-	522,923	464,642	-	464,642
Total Expenditures	8,110,517	-	8,110,517	6,871,033	-	6,871,033
CHANGE IN NET ASSETS	(1,116,333)	80,770	(1,035,563)	767,291	(235,385)	531,906
Net Assets – Beginning of Year	4,267,405	432,432	4,699,837	3,500,114	667,817	4,167,931
NET ASSETS – END OF YEAR	<u>\$ 3,151,072</u>	<u>\$ 513,202</u>	<u>\$ 3,664,274</u>	<u>\$ 4,267,405</u>	<u>\$ 432,432</u>	<u>\$ 4,699,837</u>

See accompanying Notes to Financial Statements.

BREASTCANCER.ORG
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2023

	Program Services	Supporting Services		Total
		Development	General and Administrative	
COMPENSATION AND RELATED EXPENSES				
Salaries	\$ 2,422,399	\$ 761,261	\$ 325,931	\$ 3,509,591
Payroll Taxes and Employee Benefits	335,440	105,415	45,133	485,988
Total Compensation and Related Expenses	2,757,839	866,676	371,064	3,995,579
OTHER OPERATING EXPENSES				
Accounting	52,082	5,030	80,588	137,700
Business Insurance	16,848	1,441	1,492	19,781
Conferences, Meetings, and Events	11,840	11,333	1,123	24,296
Depreciation	872,114	1,123	1,162	874,399
In-Kind Marketing	481,512	-	-	481,512
Interest	45,111	7,625	7,895	60,631
IT Support/Internet Connection	26,871	4,542	4,703	36,116
Legal	80,777	13,654	14,137	108,568
Marketing/Public Relations	31,280	78,314	-	109,594
Memberships/Dues/Subscriptions	17,515	3,074	446	21,035
Miscellaneous	12,140	1,133	312	13,585
Occupancy	69,848	11,806	12,224	93,878
Office Supplies	8,508	1,738	1,405	11,651
Postage	2,927	4,961	512	8,400
Printing/Brochures	4,523	19,592	366	24,481
Program Consultants	1,662,906	6,446	4,132	1,673,484
Service Charges	41,872	6,880	7,006	55,758
Software Licenses	156,278	27,264	6,123	189,665
Staff Recruitment	37,695	6,371	6,597	50,663
Travel	20,742	14,853	1,636	37,231
Website Maintenance and Development	82,510	-	-	82,510
Total Other Operating Expenses	3,735,899	227,180	151,859	4,114,938
Total Expenses by Function	\$ 6,493,738	\$ 1,093,856	\$ 522,923	\$ 8,110,517

See accompanying Notes to Financial Statements.

BREASTCANCER.ORG
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2022

	Program Services	Supporting Services		Total
		Development	General and Administrative	
COMPENSATION AND RELATED EXPENSES				
Salaries	\$ 1,902,335	\$ 637,983	\$ 259,889	\$ 2,800,207
Payroll Taxes and Employee Benefits	259,101	86,895	35,536	381,532
Total Compensation and Related Expenses	2,161,436	724,878	295,425	3,181,739
OTHER OPERATING EXPENSES				
Accounting	49,594	5,871	88,938	144,403
Business Insurance	15,759	1,758	1,733	19,250
Conferences, Meetings, and Events	50,793	53,745	602	105,140
Depreciation	326,392	7,666	7,559	341,617
In-Kind Marketing	486,975	-	-	486,975
Interest	34,487	7,144	7,045	48,676
IT Support/Internet Connection	60,224	5,950	5,868	72,042
Legal	87,295	18,084	17,833	123,212
Marketing/Public Relations	49,695	103,481	1,452	154,628
Memberships/Dues/Subscriptions	17,493	11,009	1,261	29,763
Miscellaneous	8,859	620	282	9,761
Occupancy	118,209	24,488	24,149	166,846
Office Supplies	6,797	2,196	1,389	10,382
Postage	3,290	2,224	672	6,186
Printing/Brochures	256	16,922	-	17,178
Program Consultants	1,656,393	8,323	-	1,664,716
Service Charges	35,149	6,930	6,804	48,883
Software Licenses	61,657	34,736	3,209	99,602
Staff Recruitment	1,781	369	364	2,514
Travel	5,553	129	57	5,739
Website Maintenance and Development	131,781	-	-	131,781
Total Other Operating Expenses	3,208,432	311,645	169,217	3,689,294
Total Expenses by Function	<u>\$ 5,369,868</u>	<u>\$ 1,036,523</u>	<u>\$ 464,642</u>	<u>\$ 6,871,033</u>

See accompanying Notes to Financial Statements.

BREASTCANCER.ORG
STATEMENTS OF CASH FLOWS
YEARS ENDED MAY 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ (1,035,563)	\$ 531,906
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	874,399	341,617
Loss on Disposal of Fixed Assets	-	22,303
Forgiveness of PPP Loan	(379,537)	(360,830)
(Increase) Decrease in Assets:		
Pledges Receivable	(105,555)	99,203
Accounts Receivable, Other	(1,601)	36,231
Prepaid Expenses	(6,078)	14,610
Security Deposits	270	(5,508)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(147,404)	43,638
Deferred Revenue	(944,402)	153,222
Deferred Rent	-	(58,022)
Net Cash Provided (Used) by Operating Activities	<u>(1,745,471)</u>	<u>818,370</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Website Costs, Property, and Equipment	(477,631)	(2,491,723)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Note Payable	563,976	1,624,953
Payments on Note Payable	<u>(310,875)</u>	<u>(102,055)</u>
Net Cash Provided by Financing Activities	<u>253,101</u>	<u>1,522,898</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,970,001)	(150,455)
Cash and Cash Equivalents – Beginning of Year	<u>3,926,363</u>	<u>4,076,818</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	<u><u>\$ 1,956,362</u></u>	<u><u>\$ 3,926,363</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	<u><u>\$ 60,631</u></u>	<u><u>\$ 48,677</u></u>

See accompanying Notes to Financial Statements.

BREASTCANCER.ORG
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Breastcancer.org (the Organization) is a nonprofit organization incorporated on May 21, 2001, in accordance with the provisions of the Pennsylvania Nonprofit Corporation Law of December 21, 1988, P.L. 1444, No. 177. The Organization's mission is to help people make sense of the complex medical and personal information about breast health and breast cancer, so they can make the best decisions for their lives. The Organization is dedicated to providing the most reliable, complete, and up-to-date medical information and on-line community support. In the 23 years since it started, Breastcancer.org has helped 222 million people from around the world. In 2023, Breastcancer.org received on average 1.1 million monthly visitors. The site includes over 700 pages of original, expert-reviewed content providing the most reliable, complete, and up-to-date breast health and breast cancer information available. Breastcancer.org's content is produced in consultation with a Professional Advisory Board made up of experts touching all aspects of breast cancer including medical, surgical and radiation oncologists, oncology nurses, plastic surgeons, social workers, nutritionists, and insurance experts. Breastcancer.org hosts a vibrant and caring peer support community where people can connect with others to share experiences and advice. There have been more than 230,000 registered users of the Breastcancer.org discussion boards over time in 84 forums and more than 160,000 topics. The Organization also has a Spanish-language version of its website.

The Organization's bylaws provide for a board of directors, consisting of one or more directors elected for three-year terms by class (term commencement year), and until their successors are elected and qualified, each class represents one-third of the board.

The Organization's primary funding comes from individuals, corporations, website monetization revenue, special events, and charitable foundations.

New Accounting Standards

In February 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This ASU was issued to increase transparency and comparability among organizations by requiring the recognition of right-to-use (ROU) asset and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective June 1, 2022 and has elected to apply the provisions of this standard using a modified retrospective transition approach. The adoption of this accounting standard did not have an impact on the Organization's financial position or changes in its net assets.

BREASTCANCER.ORG
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The Organization follows ASU No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The standard is intended to improve net asset classification requirements and the information present in the financial statements and notes about the Organization's liquidity, financial performance, and cash flows. The standard requires the Organization to classify its net assets into two categories: net asset without donor restrictions and net assets with donor restrictions.

It also requires recognition of underwater endowment funds as a reduction of net assets with donor restrictions, which is not applicable to the Organization. In addition, the guidance requires enhanced disclosures about governing board designations; composition of net assets with donor restrictions; the Organization's liquidity; and expenses by both their natural and functional classification.

Classification of Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as donor-restricted revenue when received and released from donor restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Organization had no net assets held in perpetuity.

The board of trustees designated \$54,625 and \$54,579 as of May 31, 2023 and 2022, respectively, to be used for the Lisa Kabnick Fund. The purpose of this fund is to provide continuing operating support for the work of the Organization.

BREASTCANCER.ORG
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions With Donor Restrictions and Without Donor Restrictions

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Contributions received are recorded as increases in net assets with or without restrictions, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose of restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as Net Assets Released from Restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional. As of May 31, 2023 and 2022, the Organization deferred \$-0- and \$944,402, respectively, of revenue received in advance until the conditions of the contracts are met and the revenue can be recognized.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers money market funds and all highly liquid investments with an original maturity date of 90 days or less to be cash equivalents. Cash equivalents are stated at cost, which approximates market value.

Pledges Receivable

Contributions are recognized when a donor makes a pledge to give the Organization that is, in substance, unconditional. Unconditional pledges are recorded as revenues or gain in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the contributions received. Conditional pledges to give are recognized when the conditions on which they depend are substantially met. At May 31, 2023, there were no conditional pledges that were not yet recognized.

Pledges receivable (i.e., a promise dependent only on passage of time or demand by the donee for performance), with payments due to future periods, are required to be recorded as restricted support unless explicit donor stipulations or circumstances surrounding the receipt of a promise make it clear that the donor intended their contribution to be used to support activities within the current period. Unconditional pledges to give cash in future years generally increase net assets with donor restrictions.

BREASTCANCER.ORG
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable (Continued)

The Organization records unconditional pledges to give at the estimated present value of the future cash flows, net of allowances to include net realizable value based upon management's analysis of specific pledges made (see Note 2). No allowance for uncollectible pledges was warranted at May 31, 2023 and 2022.

Accounts Receivable

The allowance for doubtful accounts is determined based on past collection experience as well as consideration of each individual receivable. Receivables are estimated to be fully collectible by management and no allowance for bad debts has been recorded at May 31, 2023 and 2022. The beginning contract balance amounts were \$265,066 and \$301,297 for May 31, 2023 and 2022, respectively.

Website Costs, Property and Equipment, and Depreciation

Website costs, property, and equipment are stated at cost, except for donated assets which are stated at fair value at the date of the gift. Depreciation is recorded using the straight-line method over the estimated useful life of the related assets. Leasehold improvements are depreciated over the shorter of the useful life of the asset or the lease term. Maintenance, repairs, and minor replacements are expensed as incurred. Replacements and betterments with a cost in excess of \$1,000 which increase the service capacity or prolong the service life beyond that originally contemplated are capitalized.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills and would otherwise be purchased by the Organization. Donated services that met the requirements for recognition have been recognized in income and the related expenses.

Website Monetization Revenue

Website Monetization Revenue is recognized in the period when the banner display appears on the site. Website banners display educational information to Breastcancer.org's readers about various treatment options, medications, diagnostic tests and other products and services which are related to and help Breastcancer.org further its exempt purpose.

Royalties

Royalties are recognized in the period received and represent income from companies that have elected to enter a royalty agreement with Breastcancer.org. The royalty agreement gives the donor the right to use Breastcancer.org's logo for marketing purposes. All royalty payments received are considered unrestricted revenue.

Fundraisers and Special Events

Fundraising event revenue consists of registrations, sponsorships, and other contributions. The exchange element of the special event revenue was approximately \$-0- and \$8,700 for the year ended May 31, 2023 and 2022, respectively. The portion that is considered to be exchange revenue is recognized as revenue when the performance obligations are met which is the occurrence of the event.

BREASTCANCER.ORG
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, taxes, and benefits, depreciation, interest, accounting, legal, marketing, office expenses, consultants, and occupancy, which are allocated based upon salaries and timesheets as well as percentage of directly identified costs in the category.

Leases

The Organization leases office space. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statements of financial position.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) as an organization, contributions to which are deductible under Section 170(c) of the IRC; and as an organization that is not a private foundation as defined in Section 509(a) of the IRC. The Organization follows the income tax standard for uncertain tax positions. The application of this standard had no impact on the Organization's financial statements.

The Organization is not aware of any activities that would jeopardize its tax-exempt status.

Reclassifications

Certain prior year amounts were reclassified to conform to the current year presentation.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 15, 2024, the date the financial statements were available to be issued.

BREASTCANCER.ORG
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023 AND 2022

NOTE 2 PLEDGES RECEIVABLE

Pledges receivable are as follows as of May 31:

	2023	2022
Receivable in One Year or Less	\$ 390,770	\$ 280,649
Receivable in Two to Five Years	30,000	35,000
Total Pledges Receivable Before Discount	420,770	315,649
Less: Discount to Net Present Value	232	666
Total Pledges Receivable	420,538	314,983
Pledges Receivable, Current Portion	390,770	280,649
Pledges Receivable, Net of Current Portion	<u>\$ 29,768</u>	<u>\$ 34,334</u>

Rates ranging from 1.03% to 1.58% were used for discounting multi-year pledges received during the years ended May 31, 2023 and 2022 to net present value.

NOTE 3 WEBSITE COSTS, PROPERTY, AND EQUIPMENT

Website costs, property, and equipment and corresponding estimated useful lives are as follows as of May 31:

2023				
	Estimated Useful Life in Years	Cost	Accumulated Depreciation	Net Book Value
Computer, Office Equipment, and Furniture	3-5	\$ 330,746	\$ 304,351	\$ 26,395
Website, Other Capitalized Costs	3-5	6,334,910	3,025,576	3,309,334
Total		<u>\$ 6,665,656</u>	<u>\$ 3,329,927</u>	<u>\$ 3,335,729</u>

2022				
	Estimated Useful Life in Years	Cost	Accumulated Depreciation	Net Book Value
Computer, Office Equipment, and Furniture	3-5	\$ 312,471	\$ 295,425	\$ 17,046
Website, Other Capitalized Costs	3-5	5,875,554	2,160,103	3,715,451
Total		<u>\$ 6,188,025</u>	<u>\$ 2,455,528</u>	<u>\$ 3,732,497</u>

Depreciation expense for the years ended May 31, 2023 and 2022 was \$874,399 and \$341,617, respectively.

NOTE 4 LINE OF CREDIT

In December 2010, the Organization obtained a \$200,000 line of credit from Beneficial Mutual Savings Bank (now WSFS). The maturity date of that line of credit automatically extends by the bank each year. The current expiration date is December 1, 2024. The line of credit is secured by all of the assets of the Organization. Interest on borrowings is at the prime rate as reported by *The Wall Street Journal* (4.00% at May 31, 2023). There were no borrowings outstanding under the line of credit as of May 31, 2023 and 2022.

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NOTE 5 PPP LOAN

On April 24, 2020, the Organization received a loan from WSFS Bank in the amount of \$360,830 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement.

On July 28, 2021, the Organization received notice from WSFS Bank that the loan had been forgiven in full by the SBA. Based on this full forgiveness determination, the Organization recognized the funds from the SBA as revenue in 2022.

On February 13, 2021, the Organization received a second PPP Loan in the amount of \$379,537 subject to the same terms as the first loan. On June 28, 2022, the Organization received notice that the loan had been forgiven in full by the SBA. Based on this full forgiveness determination, the Organization recognized the funds from the SBA as revenue in 2023.

The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

NOTE 6 NOTE PAYABLE

On January 27, 2021, the Organization entered into a loan agreement with WSFS Bank for a total borrowed amount up to \$2,000,000. Beginning February 27, 2021, interest only payments were due at a rate of 3.11% on the unpaid principal balance for 12 months. Beginning February 27, 2022, monthly payments of principal and interest in the amount of \$30,524 are due through January 27, 2028. The balance on the loan at May 31, 2023 and 2022 was \$1,587,367 and \$1,898,242, respectively.

On November 9, 2022, the Organization entered into another loan agreement with WSFS Bank for \$650,000. Beginning December 9, 2022, interest only payments are due at a rate of 4.99% on the unpaid principal balance for 12 months. Beginning December 9, 2023, monthly payments of principal and interest in the amount of \$10,487 are due through November 9, 2029. The balance on the loan at May 31, 2023 was \$563,976.

Under the agreements with WSFS Bank, the Organization is required to maintain a debt service coverage ratio of not less than 1.1 to 1. In addition, the Organization will maintain a minimum unencumbered liquid assets of not less the \$900,000. At May 31, 2023, the Organization was in compliance with these requirements.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 6 NOTE PAYABLE (CONTINUED)

Future minimum principal payments on both loans as of May 31, 2023 are as follows:

<u>Year Ending May 31,</u>	<u>Amount</u>
2024	\$ 369,910
2025	433,211
2026	449,092
2027	465,584
2028	360,128
Thereafter	73,418
Total	<u>\$ 2,151,343</u>

NOTE 7 RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions were available for the following purposes or periods as of May 31:

	<u>2023</u>	<u>2022</u>
Clinical Trials	\$ 82,500	\$ -
Recurrence	273,424	-
Reconstruction Content	47,510	322,098
Event	60,000	-
Content	10,000	-
Editorial	-	35,000
Education and Awareness Campaigns	5,000	-
Time Restriction	34,768	75,334
Total	<u>\$ 513,202</u>	<u>\$ 432,432</u>

Net assets released from donor restrictions by incurring expenses satisfying purpose or time restrictions specified by donors were as follows during the years ended May 31:

	<u>2023</u>	<u>2022</u>
Clinical Trials	\$ 7,500	\$ 158,598
Reconstruction Content	424,588	123,924
Editorial	35,000	45,000
Content	5,000	-
Recurrence	71,576	-
Time Restriction	40,566	157,401
Total	<u>\$ 584,230</u>	<u>\$ 484,923</u>

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NOTE 8 IN-KIND CONTRIBUTIONS

For the years ended May 31, the Organization recorded the following contributed services in the statements of activities as in-kind contributions and related expenses:

	Revenue Recognized 2023	Revenue Recognized 2022	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
AdWord Grant	\$ 481,512	\$ 486,975	General Use	None	Fair Value Provided by Donor
Legal Services	96,205	106,690	General Use	None	Fair Value Provided by Donor
Total	<u>\$ 577,717</u>	<u>\$ 593,665</u>			

No other amounts have been recorded for donated services since the value of such time is not susceptible to objective measurement and does not meet the criteria necessary for financial statement recognition.

NOTE 9 OPERATING LEASES

In February 2015, the Organization entered into a new lease beginning September 11, 2015, for new permanent office space. In conjunction with this lease, leasehold improvements were made to the office space, \$253,440 of which was paid by the landlord. Consequently, a deferred rent obligation in this amount was being amortized over the accounting term of the lease which is 88 months. In May 2022, this lease was terminated and the leasehold improvements and deferred rent were removed from the financial statements.

The Organization is now on month-to-month leases for office space at two locations at a monthly rate of \$3,304.

Rent expense was \$60,630 and \$129,753 for all office leases for the years ended May 31, 2023 and 2022, respectively. The Organization records periodic rental expense over the life of the lease.

NOTE 10 CONCENTRATIONS OF CREDIT RISK

The Organization maintains all of its cash balances in a financial institution, which at times exceed \$250,000 Federal Deposit Insurance Corporation (FDIC) insured limits.

NOTE 11 PENSION PLAN

The Organization maintains a defined contribution retirement plan under Section 403(b) of the IRC covering all eligible employees. Employees may contribute a percentage of their eligible gross wages to the plan. The Organization also may make discretionary contributions to the plan based principally on employee compensation. Contributions in the amount of \$65,134 and \$51,796 were made for the years ended May 31, 2023 and 2022, respectively.

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NOTE 12 LIQUIDITY

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

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,956,362	\$ 3,926,363
Pledges Receivable	390,770	280,649
Accounts Receivable	<u>266,667</u>	<u>265,066</u>
Subtotal	2,613,799	4,472,078
Less: Restrictions	<u>(513,202)</u>	<u>(432,432)</u>
Total	<u><u>\$ 2,100,597</u></u>	<u><u>\$ 4,039,646</u></u>

As more fully described in Note 4, the Organization also has a committed line of credit in the amount of \$200,000 which it could draw upon in the event of an unanticipated liquidity need.

