

BREASTCANCER.ORG
FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2022 AND 2021



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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, 2022 and 2021, 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, 2022 and 2021, 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 audit.



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
April 5, 2023

BREASTCANCER.ORG
STATEMENTS OF FINANCIAL POSITION
MAY 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,926,363	\$ 4,076,818
Pledges Receivable	280,649	230,989
Accounts Receivable, Other	265,066	301,297
Prepaid Expenses	13,536	28,146
Total Current Assets	4,485,614	4,637,250
WEBSITE COSTS, PROPERTY, AND EQUIPMENT	3,732,497	1,604,694
OTHER ASSETS		
Pledges Receivable, Net of Current Portion	34,334	183,197
Security Deposits	18,708	13,200
Total Other Assets	53,042	196,397
Total Assets	\$ 8,271,153	\$ 6,438,341
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 349,135	\$ 305,497
Note Payable, Current Portion	310,875	101,758
Deferred Revenue	944,402	791,180
PPP Loans	379,537	740,367
Total Current Liabilities	1,983,949	1,938,802
LONG-TERM LIABILITIES		
Deferred Rent	-	58,022
Note Payable, Less Current Maturities	1,587,367	273,586
Total Long-Term Liabilities	1,587,367	331,608
Total Liabilities	3,571,316	2,270,410
NET ASSETS		
Without Donor Restrictions:		
Undesignated	4,212,826	3,445,540
Board-Designated	54,579	54,574
Total Without Donor Restrictions	4,267,405	3,500,114
With Donor Restrictions	432,432	667,817
Total Net Assets	4,699,837	4,167,931
Total Liabilities and Net Assets	\$ 8,271,153	\$ 6,438,341

See accompanying Notes to Financial Statements.

BREASTCANCER.ORG
STATEMENTS OF ACTIVITIES
YEARS ENDED MAY 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions and Grants:						
Corporate Grants	\$ 1,977,236	\$ 230,000	\$ 2,207,236	\$ 1,433,651	\$ 173,598	\$ 1,607,249
Foundation Grants	61,529	-	61,529	15,938	-	15,938
Individuals	1,577,388	19,538	1,596,926	947,517	70,845	1,018,362
Website Monetization Revenue	1,904,474	-	1,904,474	2,148,191	-	2,148,191
Fundraisers and Special Events	424,463	-	424,463	138,735	-	138,735
In-Kind Contributions	593,665	-	593,665	579,449	-	579,449
Investment Income	313	-	313	1,088	-	1,088
Other Income	614,333	-	614,333	388	-	388
Net Assets Released from Restrictions	484,923	(484,923)	-	431,016	(431,016)	-
Total Support and Revenue	<u>7,638,324</u>	<u>(235,385)</u>	<u>7,402,939</u>	<u>5,695,973</u>	<u>(186,573)</u>	<u>5,509,400</u>
EXPENDITURES						
Program Services	5,369,868	-	5,369,868	4,116,720	-	4,116,720
Development	1,036,523	-	1,036,523	668,641	-	668,641
General and Administrative	464,642	-	464,642	459,454	-	459,454
Total Expenditures	<u>6,871,033</u>	<u>-</u>	<u>6,871,033</u>	<u>5,244,815</u>	<u>-</u>	<u>5,244,815</u>
CHANGE IN NET ASSETS	767,291	(235,385)	531,906	451,158	(186,573)	264,585
Net Assets – Beginning of Year	<u>3,500,114</u>	<u>667,817</u>	<u>4,167,931</u>	<u>3,048,956</u>	<u>854,390</u>	<u>3,903,346</u>
NET ASSETS – END OF YEAR	<u><u>\$ 4,267,405</u></u>	<u><u>\$ 432,432</u></u>	<u><u>\$ 4,699,837</u></u>	<u><u>\$ 3,500,114</u></u>	<u><u>\$ 667,817</u></u>	<u><u>\$ 4,167,931</u></u>

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	<u>2,161,436</u>	<u>724,878</u>	<u>295,425</u>	<u>3,181,739</u>
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	<u>3,208,432</u>	<u>311,645</u>	<u>169,217</u>	<u>3,689,294</u>
Total Functional Expenses	<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
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2021

	Program Services	Supporting Services		Total
		Development	General and Administrative	
COMPENSATION AND RELATED EXPENSES				
Salaries	\$ 1,751,267	\$ 495,171	\$ 218,191	\$ 2,464,629
Payroll Taxes and Employee Benefits	220,986	62,484	27,532	311,002
Total Compensation and Related Expenses	<u>1,972,253</u>	<u>557,655</u>	<u>245,723</u>	<u>2,775,631</u>
OTHER OPERATING EXPENSES				
Accounting	27,840	4,522	93,422	125,784
Business Insurance	15,740	1,347	2,275	19,362
Conferences, Meetings, and Events	7,394	1,236	1,337	9,967
Depreciation	113,742	18,474	31,207	163,423
In-Kind Marketing	461,887	-	-	461,887
IT Support/Internet Connection	28,067	4,559	7,700	40,326
Legal	121,602	19,751	33,364	174,717
Marketing/Public Relations	5,107	13	-	5,120
Memberships/Dues/Subscriptions	20,206	2,092	1,772	24,070
Miscellaneous	2,936	452	674	4,062
Occupancy	111,342	18,084	30,549	159,975
Office Supplies	4,265	670	1,132	6,067
Postage	2,181	1,825	599	4,605
Printing/Brochures	-	7,103	-	7,103
Program Consultants	1,101,791	3,001	57	1,104,849
Service Charges	19,451	2,875	4,856	27,182
Software Licenses	59,899	24,764	4,334	88,997
Staff Recruitment	1,476	240	405	2,121
Travel	1,856	(22)	48	1,882
Website Maintenance and Development	37,685	-	-	37,685
Total Other Operating Expenses	<u>2,144,467</u>	<u>110,986</u>	<u>213,731</u>	<u>2,469,184</u>
Total Functional Expenses	<u>\$ 4,116,720</u>	<u>\$ 668,641</u>	<u>\$ 459,454</u>	<u>\$ 5,244,815</u>

See accompanying Notes to Financial Statements.

BREASTCANCER.ORG
STATEMENTS OF CASH FLOWS
YEARS ENDED MAY 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 531,906	\$ 264,585
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	341,617	163,423
Loss on Disposal of Fixed Assets	22,303	-
Forgiveness of PPP Loan	(360,830)	-
(Increase) Decrease in Assets:		
Pledges Receivable	99,203	252,787
Accounts Receivable, Other	36,231	(38,084)
Prepaid Expenses	14,610	(17,859)
Security Deposits	(5,508)	-
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	43,638	236,114
Deferred Revenue	153,222	791,180
Deferred Rent	(58,022)	(43,517)
Net Cash Provided by Operating Activities	818,370	1,608,629
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Website Costs, Property, and Equipment	(2,491,723)	(684,223)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Note Payable	1,624,953	375,344
Payments on Note Payable	(102,055)	-
Proceeds from PPP Loan	-	379,537
Net Cash Provided by Financing Activities	1,522,898	754,881
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(150,455)	1,679,287
Cash and Cash Equivalents – Beginning of Year	4,076,818	2,397,531
CASH AND CASH EQUIVALENTS – END OF YEAR	\$ 3,926,363	\$ 4,076,818
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	\$ 48,677	\$ 967

See accompanying Notes to Financial Statements.

BREASTCANCER.ORG
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2022 AND 2021

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. The Organization's website has over 1,500 pages of original, expert-reviewed content providing the most reliable, complete, and up-to-date breast health and breast cancer information available. Breastcancer.org also hosts a peer support community where people can connect with others to share experiences and advice. There have been more than 220,000 registered users of the Breastcancer.org discussion boards over time. 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 September 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2020-07, *Not for Profit Entities (Topic 958): Presentation and Disclosures by Non-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including disclosure requirements for recognized contributed services. The amendments do not change the recognition and measurement requirements for those assets. The new standard is effective for annual reporting periods beginning after June 15, 2021. The Organization's financial statements reflect the application of this standard. No changes were made to previously reported net assets.

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under the provision of ASU No. 2016-2, a lessee is required to recognize a right-to-use asset and lease liability, initially measured at the present value of the lease payments, on the balance sheet. In addition, lessees are required to provide qualitative and quantitative disclosure that enable users to understand more about the nature of the Organization's leasing activities. The standard is effective for years beginning after December 15, 2021. The Organization will be required to retrospectively adopt the guidance in the fiscal year ended May 31, 2023. The Organization has not yet determined the impact of adoption of ASU No. 2016-02 on its financial statements.

BREASTCANCER.ORG
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2022 AND 2021

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 \$54,579 and \$54,574 as of May 31, 2022 and 2021, 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, 2022 AND 2021

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, 2022 and 2021, the Organization deferred \$944,402 and \$791,180, 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, 2022, 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, 2022 AND 2021

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, 2022 and 2021.

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, 2022 and 2021.

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.

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.

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.

BREASTCANCER.ORG
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 5, 2023, the date the financial statements were available to be issued.

NOTE 2 PLEDGES RECEIVABLE

Pledges receivables are as follows as of May 31:

	2022	2021
Receivable in One Year or Less	\$ 280,649	\$ 230,989
Receivable in Two to Five Years	35,000	184,500
Total Pledges Receivable Before Discount	315,649	415,489
Less: Discount to Net Present Value	666	1,303
Total Pledges Receivable	314,983	414,186
Pledges Receivable, Current Portion	280,649	230,989
Pledges Receivable, Net of Current Portion	<u>\$ 34,334</u>	<u>\$ 183,197</u>

Rates ranging from 1.03% to 2.94% were used for discounting multi-year pledges received during the years ended May 31, 2022 and 2021 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:

	Estimated Useful Life in Years	2022		Net Book Value
		Cost	Accumulated Depreciation	
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>

	Estimated Useful Life in Years	2021		Net Book Value
		Cost	Accumulated Depreciation	
Computer, Office Equipment, and Furniture	3-5	\$ 309,181	\$ 287,795	\$ 21,386
Leasehold Improvements	7	312,205	245,302	66,903
Technology Upgrade	3	327,527	327,527	-
Website, Other Capitalized Costs	3-5	3,387,121	1,870,716	1,516,405
Total		<u>\$ 4,336,034</u>	<u>\$ 2,731,340</u>	<u>\$ 1,604,694</u>

Depreciation expense for the years ended May 31, 2022 and 2021 was \$341,618 and \$163,423, respectively.

BREASTCANCER.ORG
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2022 AND 2021

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 was extended by the bank to December 1, 2023. 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, 2022). There were no borrowings outstanding under the line of credit as of May 31, 2022 and 2021.

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. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum.

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 will recognize 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.

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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 are 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, 2022 was \$1,898,242. Under the agreement with WSFS Bank, the Organization is required to maintain a debt service coverage ratio of not less than 1.1 to 1. At May 31, 2022, the Organization was in compliance with this requirement.

Future minimum principal payments as of May 31, 2022 are as follows:

<u>Year Ending May 31,</u>	<u>Amount</u>
2022	\$ 310,875
2023	320,703
2024	331,080
2025	341,672
2026	352,602
Thereafter	241,310
Total	<u><u>\$ 1,898,242</u></u>

On November 9, 2022, the Organization entered into another loan agreement with WSFS Bank for \$750,000. 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 \$12,100 are due through November 9, 2029.

NOTE 7 RESTRICTIONS ON NET ASSETS

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

	<u>2022</u>	<u>2021</u>
Clinical Trials	\$ -	\$ 158,597
Reconstruction Content	322,098	296,023
Editorial	35,000	-
Time Restriction	75,334	213,197
Total	<u><u>\$ 432,432</u></u>	<u><u>\$ 667,817</u></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:

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NOTE 7 RESTRICTIONS ON NET ASSETS (CONTINUED)

	<u>2022</u>	<u>2021</u>
Clinical Trials	\$ 158,598	\$ 50,000
Reconstruction Content	123,924	93,846
Editorial	45,000	25,000
Owned Content	-	36,250
COVID-19	-	161,019
Time Restriction	157,401	64,901
Total	<u>\$ 484,923</u>	<u>\$ 431,016</u>

NOTE 8 IN-KIND CONTRIBUTIONS

For the years ended May 31, 2022 and 2021, the Organization recorded the following contributed services in the statements of activities as in-kind contributions and related expenses:

	Revenue Recognized 2022	Revenue Recognized 2021	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
AdWord Grant	\$ 486,975	\$ 461,887	General Use	None	Fair Value Provided by Donor
Banner and Print Ad Placements	-	10,000	General Use	None	Fair Value Provided by Donor
Legal Services	107,562	107,562	General Use	None	Fair Value Provided by Donor
Special Event Costs	<u>\$ 594,537</u>	<u>\$ 579,449</u>			
Total					

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 a month-to-month lease for office space at a monthly rate of \$485.

Rent expense was \$129,753 and \$132,888 for all office leases for the years ended May 31, 2022 and 2021, respectively. The Organization records periodic rental expense over the life of the lease.

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NOTE 9 OPERATING LEASE (CONTINUED)

The Organization also leased office equipment which ended in August 2021. Rental expense on leased equipment for the years ended May 31, 2022 and 2021 was \$9,519 and \$7,385, respectively.

NOTE 10 RELATED PARTY TRANSACTIONS

An attorney who sits on the board of directors is of counsel in a law firm which donated legal services during the years ended May 31, 2022 and 2021, in the amount of \$106,691 and \$107,562, respectively.

NOTE 11 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 12 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 \$51,796 and \$24,434 were made for the years ended May 31, 2022 and 2021, respectively.

NOTE 13 LIQUIDITY

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

	2022	2021
Cash	\$ 3,926,363	\$ 4,076,818
Pledges Receivable	280,649	230,989
Accounts Receivable	265,066	301,297
Subtotal	4,472,078	4,609,104
Less: Restrictions	(432,432)	(667,817)
Total	<u>\$ 4,039,646</u>	<u>\$ 3,941,287</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.