

**BREASTCANCER.ORG**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED MAY 31, 2019 AND 2018**



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**BREASTCANCER.ORG  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Breastcancer.org  
Ardmore, Pennsylvania

We have audited the accompanying financial statements of Breastcancer.org (a nonprofit organization), which comprise the statements of financial position as of May 31, 2019 and 2018, 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 accounting principles generally accepted in the United States of America; 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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 auditors' 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 that 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 Breastcancer.org as of May 31, 2019 and 2018, 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.

***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, the organization adopted Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
February 19, 2020

**BREASTCANCER.ORG**  
**STATEMENTS OF FINANCIAL POSITION**  
**MAY 31, 2019 AND 2018**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,683,756	\$ 1,017,922
Pledges Receivable	587,023	465,197
Accounts Receivable, Other	253,778	216,667
Prepaid Expenses	21,923	10,436
Total Current Assets	2,546,480	1,710,222
<b>WEBSITE COSTS, PROPERTY, AND EQUIPMENT</b>	680,175	859,473
<b>OTHER ASSETS</b>		
Pledges Receivable, Net of Current Portion	294,200	457,917
Security Deposits	13,200	13,200
Total Other Assets	307,400	471,117
Total Assets	\$ 3,534,055	\$ 3,040,812
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 104,350	\$ 53,964
Total Current Liabilities	104,350	53,964
<b>DEFERRED RENT</b>	142,283	177,484
Total Liabilities	246,633	231,448
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	2,424,134	1,916,311
Board Designated	54,535	54,491
Total Without Donor Restrictions	2,478,669	1,970,802
With Donor Restrictions	808,753	838,562
Total Net Assets	3,287,422	2,809,364
Total Liabilities and Net Assets	\$ 3,534,055	\$ 3,040,812

See accompanying Notes to Financial Statements.

**BREASTCANCER.ORG**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED MAY 31, 2019 AND 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Contributions and Grants:						
Corporate Grants	\$ 2,009,201	\$ 175,000	\$ 2,184,201	\$ 998,002	\$ 580,000	\$ 1,578,002
Foundation Grants	(5,900)	25,000	19,100	33,646	-	33,646
Individuals	950,127	55,503	1,005,630	763,284	191,840	955,124
Website Monetization Revenue	1,403,889	-	1,403,889	1,254,606	-	1,254,606
Fundraisers and Special Events	758,774	-	758,774	759,855	-	759,855
In-Kind Contributions	492,494	-	492,494	497,968	-	497,968
Investment Income (Loss)	3,364	-	3,364	1,387	-	1,387
Other Income	2,685	-	2,685	2,272	-	2,272
Net Assets Released from Restrictions	285,312	(285,312)	-	413,957	(413,957)	-
Total Support and Revenue	<u>5,899,946</u>	<u>(29,809)</u>	<u>5,870,137</u>	<u>4,724,977</u>	<u>357,883</u>	<u>5,082,860</u>
<b>EXPENDITURES</b>						
Program Services	4,253,267	-	4,253,267	3,920,269	-	3,920,269
Development	778,984	-	778,984	658,653	-	658,653
General and Administrative	359,828	-	359,828	353,674	-	353,674
Total Expenditures	<u>5,392,079</u>	<u>-</u>	<u>5,392,079</u>	<u>4,932,596</u>	<u>-</u>	<u>4,932,596</u>
<b>CHANGE IN NET ASSETS</b>	507,867	(29,809)	478,058	(207,619)	357,883	150,264
Net Assets – Beginning of Year	<u>1,970,802</u>	<u>838,562</u>	<u>2,809,364</u>	<u>2,178,421</u>	<u>480,679</u>	<u>2,659,100</u>
<b>NET ASSETS – END OF YEAR</b>	<u><u>\$ 2,478,669</u></u>	<u><u>\$ 808,753</u></u>	<u><u>\$ 3,287,422</u></u>	<u><u>\$ 1,970,802</u></u>	<u><u>\$ 838,562</u></u>	<u><u>\$ 2,809,364</u></u>

See accompanying Notes to Financial Statements.

**BREASTCANCER.ORG**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED MAY 31, 2019**

	Program Services	Supporting Services		Total
		Development	General and Administrative	2019
<b>COMPENSATION AND RELATED EXPENSES</b>				
Salaries	\$ 1,474,618	\$ 474,462	\$ 194,921	\$ 2,144,001
Payroll Taxes and Employee Benefits	192,669	61,992	25,468	280,129
Total Compensation and Related Expenses	1,667,287	536,454	220,389	2,424,130
<b>OTHER OPERATING EXPENSES</b>				
Accounting	29,225	5,353	86,665	121,243
Business Insurance	18,100	1,295	1,311	20,706
Conferences, Meetings, and Events	53,473	143,158	392	197,023
Depreciation	174,775	16,329	7,714	198,818
In-Kind Marketing	431,864	-	-	431,864
IT Support/Internet Connection	26,218	4,802	4,864	35,884
Legal	152,420	9,974	10,104	172,498
Marketing/Public Relations	6,107	897	-	7,004
Memberships/Dues/Subscriptions	5,418	725	365	6,508
Miscellaneous	2,263	353	103	2,719
Occupancy	117,391	21,500	21,781	160,672
Office Supplies	8,771	1,606	1,627	12,004
Postage	2,382	1,372	438	4,192
Printing/Brochures	-	6,317	-	6,317
Program Consultants	1,364,788	7,243	-	1,372,031
Service Charges	17,609	4,821	2,992	25,422
Software Licenses	74,483	9,918	836	85,237
Staff Recruitment	356	165	66	587
Travel	51,492	4,952	181	56,625
Website Maintenance and Development	48,845	1,750	-	50,595
Total Other Operating Expenses	2,585,980	242,530	139,439	2,967,949
Total Functional Expenses	\$ 4,253,267	\$ 778,984	\$ 359,828	\$ 5,392,079

See accompanying Notes to Financial Statements.

**BREASTCANCER.ORG**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED MAY 31, 2018**

	Program Services	Supporting Services		Total
		Development	General and Administrative	2018
<b>COMPENSATION AND RELATED EXPENSES</b>				
Salaries	\$ 1,701,014	\$ 360,605	\$ 192,560	\$ 2,254,179
Payroll Taxes and Employee Benefits	185,341	39,291	20,981	245,613
Total Compensation and Related Expenses	1,886,355	399,896	213,541	2,499,792
<b>OTHER OPERATING EXPENSES</b>				
Accounting	29,141	4,896	79,227	113,264
Business Insurance	14,575	1,126	1,372	17,073
Conferences, Meetings, and Events	86,007	157,235	424	243,666
Depreciation	203,583	17,626	8,783	229,992
In-Kind Marketing	426,726	-	-	426,726
IT Support/Internet Connection	24,756	4,159	5,066	33,981
Legal	62,072	10,429	12,702	85,203
Marketing/Public Relations	17,374	339	-	17,713
Memberships/Dues/Subscriptions	7,683	1,127	582	9,392
Miscellaneous	5,996	532	531	7,059
Occupancy	115,412	19,391	23,617	158,420
Office Supplies	7,301	1,245	1,490	10,036
Postage	1,660	334	340	2,334
Printing/Brochures	-	5,698	-	5,698
Program Consultants	817,107	7,686	34	824,827
Service Charges	16,897	2,590	3,155	22,642
Software Licenses	72,271	11,582	1,131	84,984
Staff Recruitment	7,081	1,569	1,449	10,099
Travel	55,460	1,224	230	56,914
Website Maintenance and Development	62,812	9,969	-	72,781
Total Other Operating Expenses	2,033,914	258,757	140,133	2,432,804
Total Functional Expenses	\$ 3,920,269	\$ 658,653	\$ 353,674	\$ 4,932,596

See accompanying Notes to Financial Statements.



**BREASTCANCER.ORG**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED MAY 31, 2019 AND 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ 478,058	\$ 150,264
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	198,818	229,992
(Increase) Decrease in Assets:		
Pledges Receivable	41,891	(274,407)
Accounts Receivable, Other	(37,111)	62,281
Prepaid Expenses	(11,487)	3,919
Security Deposits	-	-
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	50,386	(311,769)
Deferred Rent	(35,201)	(32,560)
Net Cash Provided (Used) by Operating Activities	685,354	(172,280)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Website Costs, Property, and Equipment	(19,520)	(419,205)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	665,834	(591,485)
Cash and Cash Equivalents – Beginning of Year	1,017,922	1,609,407
<b>CASH AND CASH EQUIVALENTS – END OF YEAR</b>	\$ 1,683,756	\$ 1,017,922

See accompanying Notes to Financial Statements.

**BREASTCANCER.ORG**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2019 AND 2018**

**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 women and their loved ones make sense of the complex medical, personal, and practical 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. Information is disseminated through Breastcancer.org's 4,000+ page website, including Research News articles, discussion boards, social media channels, and educational booklets. 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.

**Basis of Presentation**

For the year ended May 31, 2019, the Organization adopted 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 reclassify its net assets from three categories (i.e., unrestricted, temporarily restricted, and permanently restricted) 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.

**BREASTCANCER.ORG**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Classification of Net Assets (Continued)**

*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 \$54,535 and \$54,491 as of May 31, 2019 and 2018, 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.

**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.

**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.

**BREASTCANCER.ORG**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

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 temporarily restricted net assets.

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, 2019 and 2018.

**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, 2019 and 2018.

**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. 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**

Functional expenses are charged directly to program, development or management and general expense categories based on specific identification. Indirect costs are allocated based upon salaries and timesheets as well as percentage of directly identified costs in the category.

**BREASTCANCER.ORG**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 19, 2020, the date the financial statements were available to be issued.

**NOTE 2 PLEDGES RECEIVABLE**

Pledges receivables are as follows as of May 31:

	2019	2018
Receivable in One Year or Less	\$ 587,023	\$ 465,197
Receivable in Two to Five Years	305,000	480,000
Total Pledges Receivable Before Discount	892,023	945,197
Less: Discount to Net Present Value	10,800	22,083
Total Pledges Receivable	881,223	923,114
Pledges Receivable, Current Portion	587,023	465,197
Pledges Receivable, Net of Current Portion	<u>\$ 294,200</u>	<u>\$ 457,917</u>

Rates ranging from 2.64% to 3.15% were used for discounting multi-year pledges received during the years ended May 31, 2019 and 2018 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:

	2019			
	Estimated Useful Life in Years	Cost	Accumulated Depreciation	Net Book Value
Computer, Office Equipment, and Furniture	3-5	\$ 288,780	\$ 262,205	\$ 26,575
Leasehold Improvements	7	312,205	156,101	156,104
Technology Upgrade	3	327,527	327,527	-
Website, Other Capitalized Costs	3-5	2,193,258	1,695,762	497,496
Total		<u>\$ 3,121,770</u>	<u>\$ 2,441,595</u>	<u>\$ 680,175</u>

**BREASTCANCER.ORG**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2019 AND 2018**

**NOTE 3 WEBSITE COSTS, PROPERTY, AND EQUIPMENT (CONTINUED)**

	2018			
	Estimated Useful Life in Years	Cost	Accumulated Depreciation	Net Book Value
	Computer, Office Equipment, and Furniture	3-5	\$ 276,978	\$ 249,899
Leasehold Improvements	1.5	312,205	111,501	200,704
Technology Upgrade	3	327,527	327,527	-
Website, Other Capitalized Costs	3-5	2,185,540	1,553,850	631,690
Total		\$ 3,102,250	\$ 2,242,777	\$ 859,473

**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, 2022. 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 (4.75% at May 31, 2019). There were no borrowings outstanding under the line of credit as of May 31, 2019 and 2018.

**NOTE 5 RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets were available for the following purposes or periods as of May 31:

	2019	2018
Podcast	\$ 30,000	\$ 23,584
Research News	-	35,000
Educational Content & Technology	84,009	-
Reconstruction Content	418,760	491,832
Transformation	-	50,000
Personalization	-	15,000
Metastatic	10,000	-
Owned Content	50,000	-
Video Content	-	2,500
Time Restriction	215,984	220,646
Total	\$ 808,753	\$ 838,562

**BREASTCANCER.ORG**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5 RESTRICTIONS ON NET ASSETS (CONTINUED)**

Net assets released from donor restrictions by incurring expenses satisfying purpose or time restrictions specified by donors during the years ended May 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Metastatic	\$ 15,000	\$ -
Podcast	23,584	-
Educational Content & Technology	25,991	-
Podcast	-	6,416
Research News	35,000	-
Reconstruction Content	75,572	177,207
Editorial	-	10,000
Transformation	50,000	-
Personalization	-	91,135
Performance Measurement	-	2,841
Video Content	-	67,746
Time Restriction	60,165	58,612
Total	<u>\$ 285,312</u>	<u>\$ 413,957</u>

**NOTE 6 IN-KIND CONTRIBUTIONS**

For the years ended May 31, 2019 and 2018, the Organization recorded the following contributed services in the statements of activities as in-kind contributions and related expenses:

	<u>2019</u>	<u>2018</u>
AdWord Grant	\$ 431,863	\$ 426,726
Legal Services	60,631	71,242
Total	<u>\$ 492,494</u>	<u>\$ 497,968</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 7 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 is being amortized over the accounting term of the lease which is 88 months. Deferred rent was \$142,283 and \$177,484 as of May 31, 2019 and 2018, respectively.

Rent expense was \$131,596 and \$132,162 for all office leases for the years ended May 31, 2019 and 2018, respectively. The Organization records periodic rental expense over the life of the lease.

**BREASTCANCER.ORG**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2019 AND 2018**

**NOTE 7 OPERATING LEASES (CONTINUED)**

The Organization also leases office equipment under two operating leases. Rental expense on leased equipment for the years ended May 31, 2019 and 2018 was \$6,868 and \$6,637, respectively.

Scheduled future minimum rental payments on all operating leases as of May 31, 2019 are as follows:

<u>Year Ending May 31,</u>	<u>Amount</u>
2020	\$ 177,704
2021	180,476
2022	176,096
2023	58,212
Total	<u>\$ 592,488</u>

**NOTE 8 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, 2019 and 2018, in the amount of \$60,631 and \$71,242, respectively.

**NOTE 9 CONCENTRATIONS OF CREDIT RISK**

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

**NOTE 10 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 \$22,486 were made for the year ended May 31, 2019. No discretionary contributions were made to the plan for the year ended May 31, 2018.

**NOTE 11 LIQUIDITY**

The Organization's assets available for general expenditure within one year of the statement of financial position date total \$2,524,557, consisting of cash (\$1,683,756), current pledges receivable (\$587,023) and accounts receivable (\$253,778). \$292,053 of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

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.



