

BREASTCANCER.ORG
FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2018 AND 2017

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**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, 2018 and 2017, 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.

Board of Directors
Breastcancer.org

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, 2018 and 2017, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
December 12, 2018

BREASTCANCER.ORG
STATEMENTS OF FINANCIAL POSITION
MAY 31, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,017,922	\$ 1,609,407
Pledges Receivable	465,197	592,609
Accounts Receivable, Other	216,667	278,948
Prepaid Expenses	10,436	14,355
Total Current Assets	1,710,222	2,495,319
WEBSITE COSTS, PROPERTY, AND EQUIPMENT	859,473	670,260
OTHER ASSETS		
Pledges Receivable, Net of Current Portion	457,917	56,098
Security Deposits	13,200	13,200
Total Other Assets	471,117	69,298
Total Assets	\$ 3,040,812	\$ 3,234,877
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 53,964	\$ 365,733
Total Current Liabilities	53,964	365,733
DEFERRED RENT	177,484	210,044
Total Liabilities	231,448	575,777
NET ASSETS		
Unrestricted:		
Undesignated	1,916,311	2,123,973
Board Designated	54,491	54,448
Total Unrestricted	1,970,802	2,178,421
Temporarily Restricted	838,562	480,679
Total Net Assets	2,809,364	2,659,100
Total Liabilities and Net Assets	\$ 3,040,812	\$ 3,234,877

See accompanying Notes to Financial Statements.

BREASTCANCER.ORG
STATEMENTS OF ACTIVITIES
YEARS ENDED MAY 31, 2018 AND 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Contributions and Grants:						
Corporate Grants	\$ 998,002	\$ 580,000	\$ 1,578,002	\$ 944,119	\$ 189,590	\$ 1,133,709
Foundation Grants	33,646	-	33,646	60,997	50,000	110,997
Individuals	763,284	191,840	955,124	971,932	62,880	1,034,812
Website Monetization Revenue	1,254,606	-	1,254,606	1,136,660	-	1,136,660
Fundraisers and Special Events	759,855	-	759,855	774,793	-	774,793
In-Kind Contributions	497,968	-	497,968	660,035	-	660,035
Investment Income (Loss)	1,387	-	1,387	(2,032)	-	(2,032)
Other Income	2,272	-	2,272	3,645	-	3,645
Net Assets Released from Restrictions	413,957	(413,957)	-	487,253	(487,253)	-
Total Support and Revenue	<u>4,724,977</u>	<u>357,883</u>	<u>5,082,860</u>	<u>5,037,402</u>	<u>(184,783)</u>	<u>4,852,619</u>
EXPENDITURES						
Program Services	3,920,269	-	3,920,269	4,386,636	-	4,386,636
Development	658,653	-	658,653	683,661	-	683,661
General and Administrative	353,674	-	353,674	389,331	-	389,331
Total Expenditures	<u>4,932,596</u>	<u>-</u>	<u>4,932,596</u>	<u>5,459,628</u>	<u>-</u>	<u>5,459,628</u>
CHANGE IN NET ASSETS	(207,619)	357,883	150,264	(422,226)	(184,783)	(607,009)
Net Assets – Beginning of Year	<u>2,178,421</u>	<u>480,679</u>	<u>2,659,100</u>	<u>2,600,647</u>	<u>665,462</u>	<u>3,266,109</u>
NET ASSETS – END OF YEAR	<u><u>\$ 1,970,802</u></u>	<u><u>\$ 838,562</u></u>	<u><u>\$ 2,809,364</u></u>	<u><u>\$ 2,178,421</u></u>	<u><u>\$ 480,679</u></u>	<u><u>\$ 2,659,100</u></u>

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
COMPENSATION AND RELATED EXPENSES				
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
OTHER OPERATING EXPENSES				
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
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2017

	Program Services	Supporting Services		Total
		Development	General and Administrative	2017
COMPENSATION AND RELATED EXPENSES				
Salaries	\$ 1,772,129	\$ 365,703	\$ 206,058	\$ 2,343,890
Payroll Taxes and Employee Benefits	198,494	40,963	27,123	266,580
Total Compensation and Related Expenses	1,970,623	406,666	233,181	2,610,470
OTHER OPERATING EXPENSES				
Accounting	29,181	4,587	65,202	98,970
Bad Debt Expense	-	-	13,117	13,117
Business Insurance	15,442	621	844	16,907
Conferences, Meetings, and Events	60,807	108,556	504	169,867
Depreciation	198,309	16,301	9,722	224,332
In-Kind Marketing	503,524	-	-	503,524
IT Support/Internet Connection	24,504	3,852	5,233	33,589
Legal	122,956	19,328	26,260	168,544
Marketing/Public Relations	13,563	277	-	13,840
Memberships/Dues/Subscriptions	6,035	954	483	7,472
Miscellaneous	2,977	271	349	3,597
Occupancy	116,143	18,257	24,805	159,205
Office Supplies	7,858	1,253	1,668	10,779
Postage	2,709	12,848	579	16,136
Printing/Brochures	253	43,996	-	44,249
Program Consultants	1,084,765	25,595	-	1,110,360
Service Charges	16,932	2,884	3,312	23,128
Software Licenses	69,447	8,791	994	79,232
Staff Recruitment	9,971	1,567	2,130	13,668
Travel	70,456	4,088	948	75,492
Website Maintenance and Development	60,181	2,969	-	63,150
Total Other Operating Expenses	2,416,013	276,995	156,150	2,849,158
Total Functional Expenses	\$ 4,386,636	\$ 683,661	\$ 389,331	\$ 5,459,628

See accompanying Notes to Financial Statements.

BREASTCANCER.ORG
STATEMENTS OF CASH FLOWS
YEARS ENDED MAY 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 150,264	\$ (607,009)
Adjustments to Reconcile Changes in Net Assets to		
Net Cash Used by Operating Activities:		
Depreciation	229,992	224,332
(Increase) Decrease in Assets:		
Pledges Receivable	(274,407)	(29,159)
Accounts Receivable, Other	62,281	(124,793)
Prepaid Expenses	3,919	15,424
Security Deposits	-	13,117
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(311,769)	210,919
Deferred Rent	(32,560)	(27,280)
Net Cash Used by Operating Activities	<u>(172,280)</u>	<u>(324,449)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Website Costs, Property, and Equipment	<u>(419,205)</u>	<u>(61,302)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(591,485)	(385,751)
Cash and Cash Equivalents – Beginning of Year	<u>1,609,407</u>	<u>1,995,158</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	<u><u>\$ 1,017,922</u></u>	<u><u>\$ 1,609,407</u></u>

See accompanying Notes to Financial Statements.

BREASTCANCER.ORG
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2018 AND 2017

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.

Presentation and Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred. All significant receivables, payables and other liabilities are included in the financial statements. The Organization reports information regarding its activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The accompanying financial statements include the following classes of net assets:

Unrestricted – Unrestricted net assets are used for funds which have not been restricted by donors.

Board Designated Unrestricted Net Assets – The board of trustees designated \$54,491 and \$54,448 as of May 31, 2018 and 2017, 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.

Temporarily Restricted – Temporarily restricted net assets are contributions which are restricted by time or have been externally restricted for specific purposes. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

BREASTCANCER.ORG
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Presentation and Basis of Accounting (Continued)

Permanently Restricted – Permanently restricted net assets consist of contributions specifically restricted by the donor to be held in perpetuity. There are no permanently restricted net assets as of May 31, 2018 and 2017.

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.

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, 2018 and 2017.

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, 2018 and 2017.

BREASTCANCER.ORG
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 total direct program, development, and management costs.

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 December 12, 2018, the date the financial statements were available to be issued.

BREASTCANCER.ORG
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2018 AND 2017

NOTE 2 PLEDGES RECEIVABLE

Pledges receivables are as follows as of May 31:

	2018	2017
Receivable in One Year or Less	\$ 465,197	\$ 592,609
Receivable in Two to Five Years	480,000	58,820
Total Pledges Receivable Before Discount	<u>945,197</u>	<u>651,429</u>
Less: Discount to Net Present Value	22,083	2,722
Total Pledges Receivable	<u>923,114</u>	<u>648,707</u>
Pledges Receivable, Current Portion	465,197	592,609
Pledges Receivable, Net of Current Portion	<u><u>\$ 457,917</u></u>	<u><u>\$ 56,098</u></u>

Rates ranging from 2.64% to 2.94% were used for discounting multi-year pledges received during the years ended May 31, 2018 and 2017 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:

	2018			
	Estimated Useful	Cost	Accumulated	Net
	Life in Years		Depreciation	Book Value
Computer, Office Equipment, and Furniture	3-5	\$ 276,978	\$ 249,899	\$ 27,079
Leasehold Improvements	7	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		<u><u>\$ 3,102,250</u></u>	<u><u>\$ 2,242,777</u></u>	<u><u>\$ 859,473</u></u>
	2017			
	Estimated Useful	Cost	Accumulated	Net
	Life in Years		Depreciation	Book Value
Computer, Office Equipment, and Furniture	3-5	\$ 276,978	\$ 235,586	\$ 41,392
Leasehold Improvements	1.5	312,205	66,901	245,304
Technology Upgrade	3	327,527	327,527	-
Website, Other Capitalized Costs	3-5	1,766,335	1,382,771	383,564
Total		<u><u>\$ 2,683,045</u></u>	<u><u>\$ 2,012,785</u></u>	<u><u>\$ 670,260</u></u>

NOTE 4 LINE OF CREDIT

In December 2010, the Organization obtained a \$200,000 line of credit from Beneficial Mutual Savings Bank. The maturity date of that line of credit was extended by the bank to November 26, 2019. 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, 2018). There were no borrowings outstanding under the line of credit as of May 31, 2018 and 2017.

BREASTCANCER.ORG
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2018 AND 2017

NOTE 5 RESTRICTIONS ON NET ASSETS

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

	<u>2018</u>	<u>2017</u>
Podcast	\$ 23,584	\$ -
Research News	35,000	-
Editorial	-	10,000
Reconstruction Content	491,832	219,039
Transformation	50,000	-
Personalization	15,000	91,135
Performance Measurement	-	2,841
Video Content	2,500	70,246
Unrestricted Promises to Give, Due after May 31	220,646	87,418
Total	<u>\$ 838,562</u>	<u>\$ 480,679</u>

Net assets released from donor restrictions by incurring expenses satisfying purpose or time restrictions specified by donors during the years ended May 31, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Spanish Program	\$ -	\$ 8,315
Prevention Program	-	10,000
BioSimilar	-	25,000
Podcast	6,416	-
Core	-	10,000
Reconstruction Content	177,207	205,467
Editorial	10,000	-
Transformation	-	45,332
Personalization	91,135	114,129
Performance Measurement	2,841	31,749
Video Content	67,746	-
Unrestricted Promises to Give, Time Restriction	58,612	37,261
Total	<u>\$ 413,957</u>	<u>\$ 487,253</u>

BREASTCANCER.ORG
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2018 AND 2017

NOTE 6 IN-KIND CONTRIBUTIONS

For the years ended May 31, 2018 and 2017, the Organization recorded the following contributed services in the statements of activities as in-kind contributions and related expenses:

	<u>2018</u>	<u>2017</u>
AdWord Grant	\$ 426,726	\$ 466,023
Banner and Print Ad Placements	-	37,500
Legal Services	71,242	156,512
Total	<u>\$ 497,968</u>	<u>\$ 660,035</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 \$177,484 and \$210,044 as of May 31, 2018 and 2017, respectively.

Rent expense was \$132,162 and \$131,466 for all office leases for the years ended May 31, 2018 and 2017, respectively. The Organization records periodic rental expense over the life of the lease.

The Organization also leases office equipment under two operating leases. Rental expense on leased equipment for the years ended May 31, 2018 and 2017 was \$6,637 and \$5,443, respectively.

Scheduled future minimum rental payments on all operating leases as of May 31, 2018 are as follows:

<u>Year Ending May 31,</u>	<u>Amount</u>
2019	\$ 170,700
2020	177,704
2021	180,476
2022	176,096
2023	58,212
Total	<u>\$ 763,188</u>

BREASTCANCER.ORG
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2018 AND 2017

NOTE 8 RELATED PARTY TRANSACTIONS

An attorney who sits on the board of directors is a partner in a law firm which donated legal services during the years ended May 31, 2018 and 2017, in the amount of \$71,242 and \$156,512, 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. No discretionary contributions were made to the plan for the years ended May 31, 2018 and 2017.



Investment advisory services are offered through CliftonLarsonAllen
Wealth Advisors, LLC, an SEC-registered investment advisor.