

**BREAST CANCER RESEARCH
FOUNDATION OF ALABAMA**

**Financial Statements
For the Year Ended
December 31, 2019**

**With Summarized Totals for the
Year Ended December 31, 2018**

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

**Table of Contents
For the Year Ended December 31, 2019**

Independent Auditor's Report..... 1-2

Financial Statements

 Statement of Financial Position..... 3

 Statement of Activities..... 4

 Schedule of Functional Expenses..... 5

 Statement of Cash Flows..... 6

Notes to Financial Statements..... 7-11

* * * * *

BORLAND
BENEFIELD**INDEPENDENT AUDITOR'S REPORT**

The Board of Directors
Breast Cancer Research Foundation of Alabama

We have audited the accompanying financial statements of the Breast Cancer Research Foundation of Alabama (the Foundation), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

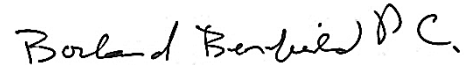
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2018 financial statements, and our report dated October 24, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.


Borland Benefield, P.C.
Birmingham, Alabama
August 3, 2020

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

Statement of Financial Position

At December 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents		
Unrestricted	\$ 87,319	\$ 888,626
Restricted	59,085	73,122
Accounts receivable	49,709	19,600
Pledge receivable	23,750	29,750
Prepaid expenses	4,333	3,605
Total Assets	<u>\$ 224,196</u>	<u>\$ 1,014,703</u>
Liabilities and Net Assets		
Accounts payable	\$ 2,635	\$ -
Grants payable	-	797,921
Accrued liabilities	665	1,942
Total Liabilities	<u>3,300</u>	<u>799,863</u>
Net Assets		
Without donor restrictions	142,061	111,968
With donor restrictions	78,835	102,872
Total Net Assets	<u>220,896</u>	<u>214,840</u>
Total Liabilities and Net Assets	<u>\$ 224,196</u>	<u>\$ 1,014,703</u>

See accompanying notes to financial statements.

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

**Statement of Activities
For the Year Ended December 31, 2019
With Summary Totals for the Year Ended December 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
Support and Revenue				
Public donations	\$ 1,270,387	\$ -	\$ 1,270,387	\$ 1,224,857
Grant revenue	120,600	-	120,600	119,813
Gifts in kind	61,487	-	61,487	104,499
Investment income, net	2,193	1,028	3,221	3,097
Net assets released from restrictions	<u>25,065</u>	<u>(25,065)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>1,479,732</u>	<u>(24,037)</u>	<u>1,455,695</u>	<u>1,452,266</u>
Expenses				
Program Services	1,353,276	-	1,353,276	1,353,974
Management and General	70,387	-	70,387	77,230
Fundraising	<u>25,976</u>	<u>-</u>	<u>25,976</u>	<u>20,061</u>
Total Expenses	<u>1,449,639</u>	<u>-</u>	<u>1,449,639</u>	<u>1,451,265</u>
Change in Net Assets	30,093	(24,037)	6,056	1,001
Net Assets, Beginning of Year	<u>111,968</u>	<u>102,872</u>	<u>214,840</u>	<u>213,839</u>
Net Assets, End of Year	<u>\$ 142,061</u>	<u>\$ 78,835</u>	<u>\$ 220,896</u>	<u>\$ 214,840</u>

See accompanying notes to financial statements

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2019

With Summary Totals for the Year Ended December 31, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2019 Total</u>	<u>2018 Totals</u>
Expenses					
Contributions to UAB Comprehensive					
Cancer center	\$ 1,045,400	\$ -	\$ -	1,045,400	995,475
Personnel expense	129,693	39,618	-	169,311	185,865
In-kind donations	53,443	8,044	-	61,487	104,499
Advertising	56,818	17	190	57,025	50,115
Facilities & equipment costs	41,149	-	-	41,149	42,842
Meals & entertainment	21,090	551	-	21,641	20,158
Tag marketing	-	-	16,485	16,485	12,197
Telephone & telecommunications	473	1,265	3,600	5,338	5,547
Credit card processing	-	-	4,505	4,505	5,890
Supplies	1,380	2,694	-	4,074	5,820
Outside contract services	-	4,000	-	4,000	2,000
Printing & copying	2,829	1,066	-	3,895	3,196
Insurance	-	3,723	-	3,723	5,146
Travel & meetings	-	3,354	-	3,354	604
Postage & mailing service	760	1,114	1,047	2,921	2,900
Rent, parking & utilities	-	2,502	-	2,502	3,000
Business expenses	-	1,144	-	1,144	200
Payroll processing fees	-	1,062	-	1,062	4,000
Other expenses	241	-	149	390	599
Dues & membership	-	228	-	228	1,206
Bank fees	-	5	-	5	6
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 1,353,276</u>	<u>\$ 70,387</u>	<u>\$ 25,976</u>	<u>\$ 1,449,639</u>	<u>\$ 1,451,265</u>

See accompanying notes to financial statements.

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

**Statement of Cash Flows
For the Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018**

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
Cash received from contributions and grants	\$ 1,370,164	\$ 1,360,573
Cash paid in donations	(1,840,686)	(995,475)
Cash paid to suppliers and employees	<u>(344,822)</u>	<u>(316,898)</u>
Net Cash (Used)/Provided by Operating Activities	(815,344)	48,200
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	<u>961,748</u>	<u>913,548</u>
Cash, Cash Equivalents and Restricted Cash, End of Year	<u>\$ 146,404</u>	<u>\$ 961,748</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 6,056	\$ 1,001
Change in operating assets and operating liabilities		
Grants receivable	(10,109)	2,556
Pledges receivable	(14,000)	10,250
Other assets	(728)	(1,547)
Accounts payable	2,635	32,920
Grants payable	(797,921)	2,306
Payroll taxes payable	<u>(1,277)</u>	<u>714</u>
Net Cash (Used)/Provided by Operating Activities	<u>\$ (815,344)</u>	<u>\$ 48,200</u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash		
Without donor restrictions	\$ 87,319	\$ 888,626
With donor restrictions	<u>59,085</u>	<u>73,122</u>
Total Cash, Cash Equivalents and Restricted Cash	<u>\$ 146,404</u>	<u>\$ 961,748</u>

See accompanying notes to financial statements

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

Notes to the Financial Statements For the Year Ended December 31, 2019

Note 1 – Summary of Significant Accounting Policies

Organization and Nature of Activities – Breast Cancer Research Foundation of Alabama (the Foundation) is a non-profit corporation that was incorporated in the State of Alabama in 1996. The purpose of the Foundation is to help find a cure for breast cancer by funding Breast Cancer Research and raising awareness and funding for that research. Primary funding is provided through individual and corporate donations.

Method of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting; revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Basis of Presentation – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB), under which the Foundation is required to report information regarding its financial position and activities according to two classes of net assets based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net asset with donor restrictions.

Net assets without donor restrictions are resources available to support operations. The only limits on the use of unrestricted net assets are the board limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Use of Estimates – The preparation of financial statements in accordance with *Generally Accepted Accounting Principles* requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Equivalents – For purposes of the Statement of Cash Flows, the Foundation considers all highly liquid investments with maturities of three months or less to be cash equivalents.

Accounts Receivable – Receivables consist of outstanding amounts for t-shirt sales and donations that are expected to be received within one year.

Management periodically assesses the collectability of any outstanding receivable balances and writes off those amounts that management believes will not be recovered. At December 31, 2019, management believes all accounts and pledges are collectible and there has been no valuation allowance needed.

Revenue Recognition – Contributions are recorded when received as net asset without restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Interest and dividends are recorded when earned.

Promises to Give – Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of cash flows. Management has determined the discounts on the unconditional promise to give is immaterial.

See independent auditor's report.

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

Notes to Financial Statements (continued) For the Year Ended December 31, 2019

Note 1 – Summary of Significant Accounting Policies (continued)

Contributions In-Kind – Many individuals and organizations have made significant non-cash donations of materials, services and use of facilities. These donations include accounting services, materials and supplies for fundraising events and miscellaneous other donations used to further the goals of the Foundation. The value of these donated services, materials and supplies that are included in the financial statements and the corresponding expenses totaled \$61,487 and \$104,499 as of December 31, 2019 and 2018, respectively.

Joint Costs of Activities that Include a Fundraising Appeal – During the years ended December 31, 2019 and 2018, the Foundation incurred joint costs of \$7,233 and \$14,524, respectively, for events that included fundraising appeals. The Foundation allocated \$4,837 and \$11,978 to fundraising expense and \$2,396 and \$2,546 to management and general expense.

Income Taxes – The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code; consequently, no provision for income tax has been made.

As of December 31, 2019, the Foundation had no uncertain tax positions that qualify for disclosure in the financial statements. The Foundation files an annual Form 990 with the Internal Revenue Service and its tax returns for the year 2016 and subsequent years remain subject to examination by tax authorities.

Expense Allocations – The costs of providing various activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the supporting services benefited. Expenses related to more than one activity are charged to supporting services on the basis of periodic time and expense studies. Those studies consider the time devoted by the Foundation's personnel and the portion of its resources used in providing various services and other activities. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Foundation.

Comparative Financial Information – The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Reclassifications – Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. These reclassifications did not have an effect on net assets.

Accounting Standards Adopted in 2019 – In November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows*, to update the language and presentation used within the statement of cash flows. The guidance is codified at FASB ASC 230. The core principle of the new guidance is that the entity should recognize cash and cash equivalents according to the restrictions placed on them by both donors and the entity itself. Accordingly, the presentation of cash, cash equivalents, and restricted cash was updated to reflect these changes on this year's statements.

See independent auditor's report.

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

Notes to Financial Statements (continued) For the Year Ended December 31, 2019

Note 1 – Summary of Significant Accounting Policies (continued)

Recent Pronouncements – In May 2014, The Financial Accounting Standards Board (“FASB” or “the Board”) issued a new revenue recognition standard in ASU 2014-09 (“Topic 606”). ASC 606 provides accounting guidance related to revenue from contracts with customers. The guidance applies to all entities and to all contracts with customers, with the exceptions. The provision of this update is effective for fiscal years beginning after December 15, 2018. Management is evaluating the new accounting pronouncements and its applicability to the Foundation.

In February 2016, the Financial Accounting Standards Board (“FASB” or “the Board”) issued a new leasing standard in ASU 2016-02 (“Topic 842” or “the new standard”) for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use (“ROU”) assets and related lease liabilities on the balance sheet for all arrangements with terms longer than 12 months. The pattern of expense recognition in the income statement will depend on a lease’s classification. The provisions of this update are effective for fiscal years beginning after December 15, 2019. Management is evaluating the new accounting pronouncements and its applicability to the Foundation.

Note 2 – Cash and Cash Equivalents

The Foundation maintains accounts at four financial institutions. Cash totaled \$146,404 and \$961,748 at December 31, 2019 and 2018, respectively, which approximated the fair value. The accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2019, balances maintained by the Foundation at BBVA Compass Bank and ServisFirst Bank exceeded FDIC coverage by \$87,646 and \$27,716, respectively.

Note 3 – Pledge Receivable

The Foundation has an unconditional promise to give in the amounts of \$23,750 and \$29,750 as of December 31, 2019 and 2018, respectively. Management believes that all pledge receivables are fully collectible as of year-end. The pledges are restricted (See Note 4) and consist of the following balance:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 10,000	\$ 10,000
Receivable in one to five years	<u>13,750</u>	<u>19,750</u>
Total pledge receivable due	<u>\$ 23,750</u>	<u>\$ 29,750</u>

See independent auditor’s report.

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

Notes to Financial Statements (continued) For the Year Ended December 31, 2019

Note 4 – Donor Restricted Net Assets

Net assets have been restricted by donors to fund an immunotherapy project led by qualified physicians in the field. Restricted cash amounts are maintained in a separate account with Merrill Lynch with a balance of \$59,085 and \$73,122, as of December 31, 2019 and 2018, respectively.

	<u>2019</u>	<u>2018</u>
Restricted cash	\$ 59,085	73,122
Restricted pledge receivable	<u>19,750</u>	<u>29,750</u>
Total net assets with donor restrictions	<u>\$ 78,835</u>	<u>\$ 102,872</u>

Note 5 – Grants Payable

The Foundation raises money throughout the year to help fund breast cancer research. At year-end, the board of directors reviews the financial position of the Foundation and determines an amount to give to the O'Neal Comprehensive Cancer Center at UAB and other breast cancer research entities across Alabama. Grants authorized but unpaid at year-end are reported as liabilities. As of December 31, 2019 and 2018, grants authorized but not yet paid to the center totaled \$-0- and \$797,921, respectively.

Note 6 – Advertising Expense

The Foundation uses advertising to promote the sale of license plates to citizens of the State of Alabama. The expenses for this promotion totaled \$16,485 and \$12,197 in 2019 and 2018, respectively. Other advertising costs are for the promotion of various events and awareness of the Foundation and totaled \$57,025 and \$50,115 in 2019 and 2018, respectively. All advertising is expensed when incurred.

Note 7 – Retirement Plan

The Foundation has implemented a Simple IRA retirement plan for all eligible employees during the previous year. An eligible employee is an individual that earns more than \$5,000 annually in the current and prior year. The Foundation matches dollar for dollar up to 3% of the employees compensation. As of December 31, 2019 and 2018, the Foundation recognized a total plan expense of \$9,758 and \$4,858, respectively.

[Remainder of page intentionally left blank.]

See independent auditor's report.

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

Notes to Financial Statements (continued) For the Year Ended December 31, 2019

Note 8 – Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual restrictions within one year of the balance sheet date. Amounts not available include amounts set aside for grants previously awarded.

	<u>2019</u>	<u>2018</u>
Total financial assets available	\$ 219,863	\$ 1,011,098
Less: Restricted cash	(59,085)	(73,122)
Less: Restricted pledges receivable	<u>(19,750)</u>	<u>(29,750)</u>
Financial assets available to meet cash needs for		
General expenditures within one year	<u>\$ 141,028</u>	<u>\$ 908,226</u>

Note 9 – Subsequent Events

As of the date of these financial statements, the recent spread of coronavirus has had a significant impact on the local, national, and global economies. The extent to which these events will affect our results of operations and financial position remains uncertain.

On April 11, 2020, the Foundation received loan proceeds in the amount of \$17,000 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four week period.

The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%, with a deferral of payments for the first six months. The Foundation intends to use the proceeds for purposes consistent with the PPP. While the Foundation currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, we cannot assure you that we will not take actions that could cause the Foundation to be ineligible for forgiveness of the loan, in whole or in part.

The Foundation also received \$4,000 in the form of an Economic Injury Disaster Loan (EIDL) under a pre-existing Small Business Administration loan program. The amount came as an advance and may be repayable as the Foundation opted out of a loan.

Subsequent events have been evaluated through August 3, 2020, the date the financial statements were available to be issued.

See independent auditor's report.