

**EISNERAMPER**

**THE BREAST CANCER  
RESEARCH FOUNDATION, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2021 and 2020**



# THE BREAST CANCER RESEARCH FOUNDATION, INC.

## Contents

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Consolidated Financial Statements</b>	
Consolidated statements of financial position as of June 30, 2021 and 2020	3
Consolidated statements of activities for the years ended June 30, 2021 and 2020	4
Consolidated statement of functional expenses for the year ended June 30, 2021 (with summarized financial information for the year ended June 30, 2020)	5
Consolidated statement of functional expenses for the year ended June 30, 2020	6
Consolidated statements of cash flows for the years ended June 30, 2021 and 2020	7
Notes to consolidated financial statements	8

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Breast Cancer Research Foundation, Inc.

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Breast Cancer Research Foundation, Inc. (the "Foundation"), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for each of the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Consolidated Financial Statements*

The Foundation's management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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



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## **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Breast Cancer Research Foundation, Inc. as of June 30, 2021 and 2020, and the changes in its net assets, and its cash flows for each of the years then ended, in accordance with accounting principles generally accepted in the United States of America.

*EisnerAmper LLP*

EISNERAMPER LLP  
New York, New York  
March 30, 2022

EISNERAMPER  
LLP



# THE BREAST CANCER RESEARCH FOUNDATION, INC.

## Consolidated Statements of Financial Position

	June 30,	
	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 22,173,103	\$ 42,399,122
Pledges receivable, net	10,315,164	8,098,534
Other receivables	261,837	252,842
Investments	84,614,054	55,552,833
Prepaid expenses	725,327	601,360
Property and equipment, net	331,284	412,908
Security deposits	<u>257,845</u>	<u>257,845</u>
	<u>\$ 118,678,614</u>	<u>\$ 107,575,444</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 443,791	\$ 663,430
Paycheck Protection Program loans payable	2,544,200	1,272,100
Grants payable	<u>58,966,571</u>	<u>60,087,707</u>
	<u>61,954,562</u>	<u>62,023,237</u>
Commitments and other uncertainty (Note K)		
<b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated – available for operations	37,931,976	31,951,598
Board-designated – Founder's Fund	<u>-</u>	<u>558,204</u>
Total net assets without donor restrictions	<u>37,931,976</u>	<u>32,509,802</u>
With donor restrictions:		
Purpose restrictions	5,552,874	4,456,500
Time restricted for future periods	6,564,202	1,910,905
Perpetual in nature	<u>6,675,000</u>	<u>6,675,000</u>
Total net assets with donor restrictions	<u>18,792,076</u>	<u>13,042,405</u>
Total net assets	<u>56,724,052</u>	<u>45,552,207</u>
	<u>\$ 118,678,614</u>	<u>\$ 107,575,444</u>

See notes to the consolidated financial statements.

# THE BREAST CANCER RESEARCH FOUNDATION, INC.

## Consolidated Statements of Activities

	Year Ended June 30,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating activities:</b>						
<b>Public support and revenue:</b>						
Contributions of financial assets	\$ 38,047,767	\$ 9,474,619	\$ 47,522,386	\$ 53,940,328	\$ 5,481,845	\$ 59,422,173
Contributions of nonfinancial assets	783,554	-	783,554	733,810	-	733,810
Special events (net of direct benefits to donors of \$532,190 and \$1,547,013 in fiscal-years 2021 and 2020, respectively)	<u>15,379,277</u>	<u>-</u>	<u>15,379,277</u>	<u>15,100,667</u>	<u>-</u>	<u>15,100,667</u>
Total public support and revenue	<u>54,210,598</u>	<u>9,474,619</u>	<u>63,685,217</u>	<u>69,774,805</u>	<u>5,481,845</u>	<u>75,256,650</u>
<b>Expenses:</b>						
Program services	53,055,774	-	53,055,774	47,368,906	-	47,368,906
Management and general	3,394,599	-	3,394,599	3,980,066	-	3,980,066
Fund-raising	<u>5,957,456</u>	<u>-</u>	<u>5,957,456</u>	<u>7,658,913</u>	<u>-</u>	<u>7,658,913</u>
Total expenses	<u>62,407,829</u>	<u>-</u>	<u>62,407,829</u>	<u>59,007,885</u>	<u>-</u>	<u>59,007,885</u>
(Deficiency) excess of operating activities over expenses before net assets released from restrictions	(8,197,231)	9,474,619	1,277,388	10,766,920	5,481,845	16,248,765
Net assets released from restrictions	<u>5,457,648</u>	<u>(5,457,648)</u>	<u>-</u>	<u>4,119,207</u>	<u>(4,119,207)</u>	<u>-</u>
(Deficiency) excess of operating activities support and revenue over expenses	<u>(2,739,583)</u>	<u>4,016,971</u>	<u>1,277,388</u>	<u>14,886,127</u>	<u>1,362,638</u>	<u>16,248,765</u>
<b>Non-operating activities:</b>						
Net investment income	7,245,503	1,732,700	8,978,203	1,699,214	236,289	1,935,503
Grant refunds	604,082	-	604,082	338,656	-	338,656
Foreign currency gains (losses)	197,689	-	197,689	(105,840)	-	(105,840)
Rental income	114,483	-	114,483	112,949	-	112,949
Other income	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,170</u>	<u>-</u>	<u>46,170</u>
<b>Increase in net assets</b>	<b>5,422,174</b>	<b>5,749,671</b>	<b>11,171,845</b>	<b>16,977,276</b>	<b>1,598,927</b>	<b>18,576,203</b>
Net assets, beginning of year	<u>32,509,802</u>	<u>13,042,405</u>	<u>45,552,207</u>	<u>15,532,526</u>	<u>11,443,478</u>	<u>26,976,004</u>
<b>Net assets, end of year</b>	<b><u>\$ 37,931,976</u></b>	<b><u>\$ 18,792,076</u></b>	<b><u>\$ 56,724,052</u></b>	<b><u>\$ 32,509,802</u></b>	<b><u>\$ 13,042,405</u></b>	<b><u>\$ 45,552,207</u></b>

See notes to the consolidated financial statements.

## THE BREAST CANCER RESEARCH FOUNDATION, INC.

### Consolidated Statement of Functional Expenses

Year Ended June 30, 2021

(with summarized financial information for the year ended June 30, 2020)

	Program Services: Research	Supporting Services			Total	
		Management and General	Fund-raising	Total Supporting Services	2021	2020
Grants awarded	\$ 42,000,949	\$ -	\$ -	\$ -	\$ 42,000,949	\$ 41,020,000
Founder's Fund grants awarded	5,499,051	-	-	-	5,499,051	-
Special events:						
Venue, food and beverages	-	-	-	-	-	902,045
Audio visual	-	-	523,190	523,190	523,190	293,421
Entertainment	-	-	9,000	9,000	9,000	89,303
Other direct event costs	-	-	-	-	-	378,563
Printing, postage and office expenses	-	-	-	-	-	863,011
Event management and production	-	-	-	-	-	584,274
Other	12,171	-	249,401	249,401	261,572	214,699
Salaries and employee benefits	3,106,689	1,421,396	4,272,041	5,693,437	8,800,126	9,281,373
Contracted services	25,039	31,275	18,679	49,954	74,993	439,536
Conferences and meetings	48,399	-	-	-	48,399	481,585
Professional fees	1,663,587	768,263	556,943	1,325,206	2,988,793	3,174,149
Occupancy	431,812	371,200	494,270	865,470	1,297,282	1,259,512
Telephone	1,564	74,629	167	74,796	76,360	57,313
Supplies	1,293	14,661	3,663	18,324	19,617	77,824
Printing, postage and office expenses	189,329	639,187	276,405	915,592	1,104,921	1,168,608
Increase in allowance for uncollectible accounts	-	-	-	-	-	129,899
Licenses	-	11,358	-	11,358	11,358	10,978
Total expenses before depreciation and amortization	52,979,883	3,331,969	6,403,759	9,735,728	62,715,611	60,426,093
Depreciation and amortization	75,891	62,630	85,887	148,517	224,408	128,805
Total expenses	53,055,774	3,394,599	6,489,646	9,884,245	62,940,019	60,554,898
Less: direct benefits to donors	-	-	(532,190)	(532,190)	(532,190)	(1,547,013)
Total expenses per statements of activities	\$ 53,055,774	\$ 3,394,599	\$ 5,957,456	\$ 9,352,055	\$ 62,407,829	\$ 59,007,885

See notes to the consolidated financial statements.

**THE BREAST CANCER RESEARCH FOUNDATION, INC.**

**Consolidated Statement of Functional Expenses  
Year Ended June 30, 2020**

	Program Services: Research	Supporting Services		Total Supporting Services	Total
		Management and General	Fund-raising		
Grants awarded	\$ 41,020,000	\$ -	\$ -	\$ -	\$ 41,020,000
Founder's Fund grants awarded	-	-	-	-	-
Special events:					
Venue, food and beverages	-	-	902,045	902,045	902,045
Audio visual	-	-	293,421	293,421	293,421
Entertainment	-	-	89,303	89,303	89,303
Other direct event costs	-	-	378,563	378,563	378,563
Printing, postage and office expenses	-	-	863,011	863,011	863,011
Event management and production	-	-	584,274	584,274	584,274
Other	-	-	214,699	214,699	214,699
Salaries and employee benefits	3,215,483	1,650,886	4,415,004	6,065,890	9,281,373
Contracted services	132,085	-	307,451	307,451	439,536
Conferences and meetings	481,585	-	-	-	481,585
Professional fees	1,719,312	1,011,452	443,385	1,454,837	3,174,149
Occupancy	413,500	367,160	478,852	846,012	1,259,512
Telephone	-	28,657	28,656	57,313	57,313
Supplies	11,256	62,588	3,980	66,568	77,824
Printing, postage and office expenses	333,398	680,898	154,312	835,210	1,168,608
Increase in allowance for uncollectible accounts	-	129,899	-	129,899	129,899
Licenses	-	10,978	-	10,978	10,978
Total expenses before depreciation and amortization	47,326,619	3,942,518	9,156,956	13,099,474	60,426,093
Depreciation and amortization	42,287	37,548	48,970	86,518	128,805
Total expenses	47,368,906	3,980,066	9,205,926	13,185,992	60,554,898
Less: direct benefits to donors	-	-	(1,547,013)	(1,547,013)	(1,547,013)
Total expenses per statements of activities	<u>\$ 47,368,906</u>	<u>\$ 3,980,066</u>	<u>\$ 7,658,913</u>	<u>\$ 11,638,979</u>	<u>\$ 59,007,885</u>

See notes to the consolidated financial statements.



**THE BREAST CANCER RESEARCH FOUNDATION, INC.**

**Consolidated Statements of Cash Flows**

	Year Ended June 30,	
	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Increase in net assets	\$ 11,171,845	\$ 18,576,203
Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	224,408	128,805
Unrealized gains on investments	(7,390,669)	(225,820)
Realized (gains) losses on investments	(504,908)	98,059
Increase in allowance for uncollectible accounts	-	129,899
Contributions – perpetual in nature	-	(125,000)
Changes in:		
Pledges receivable, net	(2,216,630)	5,736,649
Other receivables	(8,995)	86,611
Prepaid expenses	(123,967)	41,095
Security deposits	-	375
Accounts payable and accrued expenses	(219,639)	(68,805)
Grants payable	<u>(1,121,136)</u>	<u>(23,063,254)</u>
Net cash (used in) provided by operating activities	<u>(189,691)</u>	<u>1,314,817</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sales of investments	22,847,145	12,513,198
Purchases of investments	(44,012,789)	(9,444,328)
Purchases of property and equipment	<u>(142,784)</u>	<u>(30,426)</u>
Net cash (used in) provided by investing activities	<u>(21,308,428)</u>	<u>3,038,444</u>
<b>Cash flows from financing activities:</b>		
Proceeds from Paycheck Protection Program loan	1,272,100	1,272,100
Contributions – perpetual in nature	<u>-</u>	<u>125,000</u>
Net cash provided by financing activities	<u>1,272,100</u>	<u>1,397,100</u>
<b>Net change in cash and cash equivalents</b>	<b>(20,226,019)</b>	<b>5,750,361</b>
Cash and cash equivalents, beginning of year	<u>42,399,122</u>	<u>36,648,761</u>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 22,173,103</u></b>	<b><u>\$ 42,399,122</u></b>
<b>Supplemental disclosure of cash flow information:</b>		
Noncash donations of goods and services	<u>\$ 783,554</u>	<u>\$ 733,810</u>

# THE BREAST CANCER RESEARCH FOUNDATION, INC.

## Notes to Consolidated Financial Statements June 30, 2021 and 2020

### NOTE A - THE FOUNDATION AND ITS SIGNIFICANT ACCOUNTING POLICIES

#### [1] The Foundation:

The Breast Cancer Research Foundation, Inc. ("BCRF") is a New York not-for-profit organization, incorporated in 1993. The mission of BCRF is to prevent and cure breast cancer by advancing the world's most promising research. The Breast Cancer Research Foundation in Canada ("BCRF Canada") is an officially registered tax-exempt charity in Canada. As this entity meets the criteria for consolidation, its financial statements are consolidated with those of BCRF (together, the "Foundation"). Gains and losses from foreign currency translations are included in the statements of activities. All significant inter-organization balances and transactions have been eliminated in consolidation.

The Foundation makes donations to fund breast cancer research at many internationally recognized, tax-exempt hospitals, medical centers, universities, and research organizations. Grant awards are based on proposals made by physicians, researchers, and other knowledgeable individuals, as recommended by the Foundation's Scientific Advisory Board, and approved by, the Board of Directors.

BCRF qualifies as a charitable organization as defined by Section 501(c)(3) of the Internal Revenue Code (the "Code") and, accordingly, is exempt from federal income taxes under Section 501(a) of the Code and from state and local income taxes under comparable laws. Since BCRF is publicly supported, contributions to the Foundation qualify for the maximum charitable-contribution deduction under the Code.

#### [2] Basis of accounting:

The consolidated financial statements have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

#### [3] Use of estimates:

The preparation of consolidated financial statements in conformity with U.S. GAAP requires the Foundation's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, public support and revenue and expenses and the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

#### [4] Cash and cash equivalents:

The Foundation considers all highly liquid investments, with maturities of three months or less when purchased, to be cash equivalents for financial statement reporting purposes. Cash and cash equivalents held as part of the Foundation's investment portfolio are reflected as investments in the consolidated statements of financial position.

#### [5] Investments:

The Foundation's investments in fixed income securities and mutual funds are reported at their fair values in the consolidated statements of financial position at each fiscal year-end based on quoted market prices.

The Foundation's investments, in general, are subject to various risks, such as interest-rate, market, and credit risks. Due to the level of risk associated with certain investment vehicles, it is at least reasonably possible that changes in the values of those securities could occur in the near term, and that such changes could materially affect the amounts reported in the consolidated financial statements.

# THE BREAST CANCER RESEARCH FOUNDATION, INC.

## Notes to Consolidated Financial Statements June 30, 2021 and 2020

### NOTE A - THE FOUNDATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [5] Investments: (continued)

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the consolidated statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost at the time of acquisition to the proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

Investment expenses include the services of investment managers and custodians. The balances of investment management fees disclosed in Note C are those specific fees charged by the Foundation's various investment managers in each fiscal year; however, they do not include those fees that are embedded in various other investment transactions.

Donated securities are recorded at their estimated fair values on the dates of donation. The Foundation's policy is to sell donated securities immediately, and, accordingly, for purposes of the consolidated statements of cash flows, donated securities and the proceeds generated from their sale are included as operating activities.

#### [6] Property and equipment:

Property and equipment are stated at their original costs at the dates of acquisition, or, if contributed, at their fair values at the dates of donation, net of accumulated depreciation and amortization. The Foundation capitalizes leasehold improvements and furniture and equipment with a cost of \$5,000 or more and a useful life greater than one year, whereas minor costs of repairs and maintenance are expensed as incurred. Depreciation of furniture and equipment is provided over the estimated useful life of five years, using the straight-line method. Leasehold improvements are amortized over the remaining lease term or the estimated life of the improvements, whichever is shorter.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes impairment in the year of determination. There were no triggering events during fiscal-years 2021 and 2020, requiring management to test for impairment that would require adjustment to property and equipment. However, it is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

#### [7] PPP loan payable:

On March 27, 2020, Congress enacted the Coronavirus Aid Relief, and Economic Security ("CARES") Act. The Paycheck Protection Program ("PPP") established by the CARES Act, implemented by the U.S. Small Business Administration ("SBA"), provides businesses, including certain not-for-profit organizations, with funds to pay payroll and other costs during the coronavirus ("COVID-19") outbreak.

There are two acceptable methods for accounting for the PPP funds received under the CARES Act. Entities can elect to treat the funds as a loan or as a conditional contribution. The Foundation has elected to record the PPP funds as a loan under the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") 470, *Debt*. (See Note L).

# THE BREAST CANCER RESEARCH FOUNDATION, INC.

## Notes to Consolidated Financial Statements June 30, 2021 and 2020

### NOTE A - THE FOUNDATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [8] Deferred rent payable:

For financial reporting purposes, the aggregate minimum lease payments are being amortized using the straight-line basis over the term of the lease for its office space. The cumulative difference of rent expense over amounts actually paid, or currently payable, to the landlord is included in accounts payable and accrued expenses in the consolidated statements of financial position.

#### [9] Grants payable:

The Foundation records awards of unconditional research grants and Founder's Fund grants as expenses and liabilities after the approval by the Board of Directors, based upon the guidance and input of the Foundation's Scientific Advisory Board. Research grants are generally paid within one year. The Foundation receives refunds from the underlying grantee institutions when a project is terminated before completion or when the underlying investigator moves to another institution. When the project is terminated, those funds are treated as miscellaneous income by the Foundation and are added to the funds available for future research grants. When an investigator changes institutions and the work previously funded will continue, the Foundation redistributes the unused funds to the investigator's new institution.

#### [10] Net assets:

The net assets of the Foundation and changes therein are classified and reported as follows:

(i) *Net assets without donor restrictions:*

The Foundation's net assets without donor restrictions represent those resources that are available for current operations as there are no restrictions by donors as to their use. In addition, the Board of Directors had set aside amounts designated for the Founder's Fund. Those funds were fully expended during fiscal year 2021 (see Note F).

(ii) *Net assets with donor restrictions:*

Net assets with donor restrictions represent those resources that are subject to donor-imposed restrictions, such as specific purposes and/or a specific period of time. Also included within net assets with donor restrictions are donor restrictions that are perpetual in nature and subject to the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). These donors have stipulated that those resources be maintained in perpetuity, with the resultant income and net capital appreciation arising from the underlying assets be used in the satisfaction of the wishes of those donors. When a donor restriction expires, that is, when a stipulated time restriction ends, a purpose restriction is accomplished, or funds are appropriated through an action of the Board of Directors, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as "net assets released from restrictions."

# THE BREAST CANCER RESEARCH FOUNDATION, INC.

## Notes to Consolidated Financial Statements June 30, 2021 and 2020

### NOTE A - THE FOUNDATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [11] Revenue recognition:

(i) *Contributions, gifts and pledges:*

Contributions to the Foundation are recognized as revenue upon the receipt of cash, unconditional pledges or other assets. Contributions are recorded as "with donor restrictions" if they are received with donor stipulations or time considerations as to their use. Conditional contributions are recorded when the conditions have been met. Contributions of assets other than cash are recorded at their estimated fair values at the dates of donation. Contributions to be received after one year are discounted at an appropriate interest rate, commensurate with the risk involved. The Foundation periodically assesses the collectability of its outstanding pledges and provides allowances for anticipated losses, if any, when necessary.

(ii) *Special events:*

A portion of the gross proceeds paid by attendees at special events held as fundraising activities represents contribution revenue, whereas the other portion serves as the payment of the direct costs of the benefits received by the attendee at the event. Special event income is reported net of the direct benefit to donors. Special event revenues, other than the contribution portion, applicable to a future year are recognized as revenue in the year the special event takes place.

(iii) *Donated goods and services:*

For recognition of donated services in the Foundation's consolidated financial statements, such services must: (i) create or enhance non-financial assets; and (ii) typically need to be acquired if not provided by donation. Additionally, recognition of donated services must: (i) require a specialized skill; and (ii) be provided by individuals possessing these skills.

Donated goods and services are recorded at their estimated fair values at the dates of donation and are reported as without donor restrictions unless the donor has restricted the donated assets to a specific purpose. Donated goods and services are reported as both contributions and offsetting expenses in the consolidated statements of activities (see Note H).

(iv) *Rental income:*

Revenue received from the sublease of the Foundation's office space is recognized ratably over the length of the term specified in the agreement. Revenue related to rental income received in advance is deferred until the following year.

#### [12] Measure of operations:

The Foundation includes in its definition of operations, all public support and revenue and expenses that are an integral part of its programs and supporting activities. Net investment gains, refunds of grants awarded in prior years, foreign currency gains (losses), rental income and other income are recognized as part of the Foundation's non-operating activities.

# THE BREAST CANCER RESEARCH FOUNDATION, INC.

## Notes to Consolidated Financial Statements June 30, 2021 and 2020

### NOTE A - THE FOUNDATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [13] Functional allocation of expenses:

The costs of providing the Foundation's various programs and supporting services have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present expenses by functional and natural classification. Accordingly, direct costs have been functionalized within the program and supporting services, based on the nature of the expense. Indirect costs, including salaries and employee benefits, occupancy costs and depreciation have been allocated on the basis of time spent among employees.

#### [14] Income tax uncertainties:

The Foundation is subject to the provisions of the FASB's ASC Topic 740, *Income Taxes*, relating to accounting and reporting for uncertainty in income taxes. Because of the Foundation's general tax-exempt status, management believes ASC Topic 740 has not had, and is not expected to have, a material impact on the Foundation's consolidated financial statements.

#### [15] Adoption of accounting principles:

(i) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made:*

In June 2018, the FASB issued Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. ASU 2018-08 clarified and improved guidance concerning: 1) evaluating whether a transaction should be accounted for as an exchange transaction or as a contribution; and 2) determining whether a contribution received is conditional. ASU 2018-08 should be applied on a modified prospective basis. ASU 2018-08 was effective for annual periods beginning after December 15, 2018 for entities that are resource recipients. Accordingly, the Foundation adopted the resource recipient portion for its fiscal-year ended June 30, 2020. ASU 2018-08 is effective for annual periods beginning after December 15, 2019 for entities that are resource providers. The Foundation adopted the resource provider portion for its fiscal year ended June 30, 2021, and this accounting guidance did not have a material impact on the Foundation's consolidated financial statements.

(ii) *Revenue from Contracts with Customers:*

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry specific guidance. ASU 2014-09 requires an entity to recognize revenue depicting the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard permits the use of either the retrospective or cumulative effect transition method. The standard is effective for fiscal years beginning after December 15, 2019, and accordingly, the Foundation adopted this pronouncement for its fiscal year ended June 30, 2021 on the retrospective basis. Analysis of the various provisions of this standard resulted in no significant changes in the way the Foundation recognized revenue, and therefore no changes to the previously issued audited consolidated financial statements were required on a retrospective basis.

# THE BREAST CANCER RESEARCH FOUNDATION, INC.

## Notes to Consolidated Financial Statements June 30, 2021 and 2020

### NOTE A - THE FOUNDATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [16] Upcoming accounting principles:

##### (i) *Contributed Nonfinancial Assets:*

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. For each category of contributed nonfinancial assets recognized, the not-for-profit organization will need to disclose: (i) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, a description of the programs or other activities in which those assets were used; (ii) the not-for-profit's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets; (iii) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets; (iv) the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in *Topic 820, Fair Value Measurement*, at initial recognition; and (v) the principal market (or most advantageous market) used to arrive at a fair value measure, if it is a market in which the recipient entity is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The amendments in this ASU will be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. The Foundation is currently evaluating the effect that this new guidance will have on the consolidated financial statements and related disclosures.

##### (ii) *Leases:*

In February 2016, the FASB issued its new lease accounting guidance in ASU 2016-02, *Leases*. ASU 2016-02 will require lessees to recognize for all leases (with terms of more than 12 months) at the commencement date, the following: a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and b) a right-of-use-asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The new lease guidance also simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing. The new standard is effective for the Foundation for the fiscal year beginning after December 15, 2021. Upon the adoption of the guidance, operating leases are capitalized on the consolidated statements of financial position at the present value of lease payments, using the applicable incremental borrowing rate at the date of adoption. The impact on the Foundation's consolidated financial statements is currently being evaluated. Information about the Foundation's leases and the timing of those payments is provided in Note A[11](iv) and Note K.

#### [17] Reclassification:

Certain information in the prior year's financial statements has been reclassified to conform to the current year's presentation.

#### [18] Subsequent events:

The Foundation has evaluated subsequent events through March 30, 2022, the date on which the consolidated financial statements were available to be issued.

# THE BREAST CANCER RESEARCH FOUNDATION, INC.

## Notes to Consolidated Financial Statements June 30, 2021 and 2020

### NOTE B - PLEDGES AND OTHER RECEIVABLES

#### [1] Pledges receivable:

At each fiscal-year-end, pledges receivable are estimated to be received as follows:

	June 30,	
	2021	2020
Less than one year	\$ 8,867,200	\$ 6,761,311
One to five years	1,576,500	1,510,000
Six to ten years	<u>400,000</u>	<u>450,000</u>
	10,843,700	8,721,311
Reduction of pledges due in excess of one year to present value, using discount rates ranging from 0.31% - 5.50%	(328,385)	(386,777)
Less: allowance for doubtful collections	<u>(200,151)</u>	<u>(236,000)</u>
	<u>\$ 10,315,164</u>	<u>\$ 8,098,534</u>

The Foundation wrote-off uncollectible pledges receivable of approximately \$36,000 and \$119,000 against its allowance in fiscal-years 2021 and 2020, respectively.

#### [2] Other receivables:

Other receivables consist of accrued interest and other amounts due to the Foundation. All amounts are fully collectible, and accordingly, no allowance for doubtful accounts has been established.

### NOTE C - INVESTMENTS

At each fiscal year-end, investments consisted of the following:

	June 30,			
	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	\$ 260,071	\$ 260,071	\$ 3,377,952	\$ 3,377,952
Corporate bonds	9,463,193	9,201,866	8,887,660	8,834,512
U.S. government and agency obligations	4,722,933	4,639,185	4,185,669	3,982,923
Mutual funds:				
Equity	27,938,474	18,510,175	22,035,983	20,006,888
Fixed-income	<u>42,229,383</u>	<u>42,266,236</u>	<u>17,065,569</u>	<u>17,004,706</u>
	<u>\$ 84,614,054</u>	<u>\$ 74,877,533</u>	<u>\$ 55,552,833</u>	<u>\$ 53,206,981</u>

At June 30, 2021, concentrations of the Foundation's investments in excess of 10% of the fair value of its portfolio included approximately 50% invested in two fixed-income mutual funds for the fiscal-year 2021, and 31% invested in one fixed-income mutual fund for fiscal year 2020, respectively.



# THE BREAST CANCER RESEARCH FOUNDATION, INC.

## Notes to Consolidated Financial Statements June 30, 2021 and 2020

### NOTE C - INVESTMENTS (CONTINUED)

During each fiscal year, investment returns consisted of the following:

	Year Ended June 30,	
	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 1,183,487	\$ 1,909,661
Realized gains (losses)	504,908	(98,059)
Unrealized gains	7,390,669	225,820
Investment advisory fees	<u>(100,861)</u>	<u>(101,919)</u>
	<u>\$ 8,978,203</u>	<u>\$ 1,935,503</u>

The FASB's ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy of fair-value designations. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments at the reporting date.
- Level 2: Valuations are based on: (i) quoted prices for similar investments in active markets; or (ii) quoted prices for those investments, or similar investments, in markets that are not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.
- Level 3: Valuations are based on pricing inputs that are unobservable and include situations where: (i) there is little, if any, market activity for the investments; or (ii) the investments cannot be independently valued.

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one fair-value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The following tables summarize the fair values of the Foundation's investments at each fiscal year-end in accordance with the ASC Topic 820 valuation levels:

	June 30, 2021		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and cash equivalents	\$ 260,071	\$ -	\$ 260,071
Corporate bonds	-	9,463,193	9,463,193
U.S. government and agency obligations	4,215,528	507,405	4,722,933
Mutual funds:			
Equity	27,938,474	-	27,938,474
Fixed-income	<u>42,229,383</u>	<u>-</u>	<u>42,229,383</u>
	<u>\$ 74,643,456</u>	<u>\$ 9,970,598</u>	<u>\$ 84,614,054</u>

**THE BREAST CANCER RESEARCH FOUNDATION, INC.**

**Notes to Consolidated Financial Statements  
June 30, 2021 and 2020**

**NOTE C - INVESTMENTS (CONTINUED)**

	<b>June 30, 2020</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Cash and cash equivalents	\$ 3,377,952	\$ -	\$ 3,377,952
Corporate bonds	-	8,887,660	8,887,660
U.S. government and agency obligations	3,149,270	1,036,399	4,185,669
Mutual funds:			
Equity	22,035,983	-	22,035,983
Fixed-income	<u>17,065,569</u>	<u>-</u>	<u>17,065,569</u>
	<u>\$ 45,628,774</u>	<u>\$ 9,924,059</u>	<u>\$ 55,552,833</u>

**NOTE D - PROPERTY AND EQUIPMENT**

At each fiscal-year-end, property and equipment consisted of the following:

	<b>June 30,</b>	
	<b>2021</b>	<b>2020</b>
Leasehold improvements	<b>\$ 853,097</b>	\$ 710,313
Furniture and equipment	<b><u>282,066</u></b>	<u>282,066</u>
	<b>1,135,163</b>	992,379
Less: accumulated depreciation and amortization	<b><u>(803,879)</u></b>	<u>(579,471)</u>
	<b><u>\$ 331,284</u></b>	<b><u>\$ 412,908</u></b>

# THE BREAST CANCER RESEARCH FOUNDATION, INC.

## Notes to Consolidated Financial Statements June 30, 2021 and 2020

### NOTE E - NET ASSETS WITH DONOR RESTRICTIONS

At each fiscal year-end, net assets with donor restrictions consisted of the following:

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Purpose restrictions:		
Research grants	\$ 4,017,728	\$ 3,759,947
Founder's Fund grants	<u>-</u>	<u>560,357</u>
	4,017,728	4,320,304
Subject to appropriation:		
Accumulated endowment earnings reserved for appropriation	<u>1,535,146</u>	<u>136,196</u>
Total purpose restrictions	<u>5,552,874</u>	<u>4,456,500</u>
Time-restricted for future periods	<u>6,564,202</u>	<u>1,910,905</u>
Perpetual in nature	<u>6,675,000</u>	<u>6,675,000</u>
	<u>\$ 18,792,076</u>	<u>\$ 13,042,405</u>

During each fiscal-year, net assets released from restrictions, as the result of satisfying donor restrictions, were as follows:

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Purpose restrictions satisfied as follows:		
Research grants	\$ 3,040,620	\$ 1,220,726
Founder's Fund grants	<u>1,831,238</u>	<u>96,590</u>
	<u>4,871,858</u>	<u>1,317,316</u>
Time-restrictions satisfied	<u>585,790</u>	<u>2,801,891</u>
	<u>\$ 5,457,648</u>	<u>\$ 4,119,207</u>

### NOTE F - FOUNDER'S FUND CONTRIBUTIONS

After the death of Evelyn H. Lauder, Founder and Chair of BCRF, in November 2011, the Board of Directors created a Board-designated fund, the "Founder's Fund" (the "Fund"), to accept contributions in Mrs. Lauder's memory as a means of honoring her commitment and leadership. Gifts and accumulated investment income of the Fund, which are reported in both the net assets without donor restrictions and net assets with donor restrictions, totaling approximately \$34,388,000, have been received from inception of the Fund through June 30, 2021. The Foundation's Scientific Advisory Board created a multi-year, international collaborative research initiative to focus on the biology of cancer metastasis as an appropriate use of these funds, and has formed U.S. and European organizing committees for the project. Since the creation of the Fund, the Foundation has granted approximately \$37,489,000, including in fiscal year 2021, approximately \$3,102,000 of unrestricted donations towards this initiative. The Foundation plans to continue to fund-raise for this initiative, as needed.

# THE BREAST CANCER RESEARCH FOUNDATION, INC.

## Notes to Consolidated Financial Statements June 30, 2021 and 2020

### NOTE G - CONDITIONAL COMMITMENTS RECEIVED

In December 2015, the Foundation received a conditional grant of \$15,000,000 to establish a research fund to promote the advancement of scientific knowledge concerning pre-clinical and clinical evaluations of breast cancer treatments formulated by the grantor. The grant is subject to the annual approval of the Foundation's Scientific Advisory Board's (the "Board") selection of qualified institutions to conduct the studies, and the Board's evaluation of the progress of the selected studies to the satisfaction of the grantor. The Foundation has recognized the entire \$15,000,000 in revenue from this grant; \$5,000,000 in fiscal-year 2016, \$4,503,705 in fiscal-year 2017, \$496,295 in fiscal-year 2018, and \$5,000,000 in fiscal-year 2019, through satisfaction of the requisite conditions.

In December 2017, the Foundation received a conditional grant of \$10,000,000 to establish a second research fund for similar purposes as the first research fund received in December 2015. As of June 30, 2021, the Foundation has recognized \$7,000,000 in revenue from this grant; \$2,000,000 and \$5,000,000 in fiscal-years 2019 and 2018, respectively, through satisfaction of the requisite conditions.

In addition, in December 2019, the Foundation received a conditional grant of \$5,000,000 to establish a third research fund for similar purposes. The Foundation has recognized \$500,000 in revenue from this grant in fiscal-year 2020, through satisfaction of the requisite conditions.

No provisions for future amounts that may be received under these agreements have been included in the consolidated financial statements due to the conditional nature of the grants.

### NOTE H - DONATED GOODS AND SERVICES

During fiscal-years 2021 and 2020, the Foundation received donated goods and services as follows:

	Year Ended June 30,	
	2021	2020
Donated goods:		
Special events – fund-raising merchandise	<u>\$ 50,129</u>	<u>\$ 214,699</u>
Donated services:		
Legal	491,425	308,111
Scientific advisory committee	<u>242,000</u>	<u>211,000</u>
Total donated services	<u>733,425</u>	<u>519,111</u>
Total donated goods and services	<u>\$ 783,554</u>	<u>\$ 733,810</u>

Other donated goods and services:

(i) *Media placement:*

The Foundation receives in-kind contributions in the form of donated placements of public-service announcements ("PSAs") in various forms of media. Such PSAs, with a total estimated value of approximately \$654,000 and \$369,000 for fiscal-years 2021 and 2020, respectively, do not meet the criteria for revenue recognition. Accordingly, the values of the PSAs have not been reported in the consolidated financial statements.

# THE BREAST CANCER RESEARCH FOUNDATION, INC.

## Notes to Consolidated Financial Statements June 30, 2021 and 2020

### NOTE H - DONATED GOODS AND SERVICES (CONTINUED)

Other donated goods and services: (continued)

(ii) *Other:*

A substantial number of Board members and volunteers have donated significant amounts of their time and support through fund-raising and participation in global events, in furtherance of the Foundation's mission. Additionally, the Foundation is the benefactor of the net proceeds of a significant number of fund-raising events organized by outside, independent volunteers in the name of the Foundation. The value of this donated volunteer time is not reflected in the consolidated financial statements, as it does not meet the criteria for recognition under generally accepted accounting principles.

### NOTE I - THE ENDOWMENT

**[1] The endowment:**

The Foundation's endowment consists of four donor-restricted funds, with the income earned thereon to be used for their respective research initiatives. As required by generally accepted accounting principles, net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

**[2] Interpretation of relevant law:**

NYPMIFA is applicable to all of the Foundation's institutional funds, including its donor-restricted endowment funds. The Board of Directors adheres to NYPMIFA's requirements.

**[3] Endowment net-asset composition by type of fund, at each fiscal year-end:**

	June 30, 2021		
	<u>Amounts Subject to Appropriation</u>	<u>Amounts Held in Perpetuity</u>	<u>Total</u>
Donor-restricted endowment fund	<u>\$ 1,535,146</u>	<u>\$ 6,675,000</u>	<u>\$ 8,210,146</u>

  

	June 30, 2020		
	<u>Amounts Subject to Appropriation</u>	<u>Amounts Held in Perpetuity</u>	<u>Total</u>
Donor-restricted endowment fund	<u>\$ 136,196</u>	<u>\$ 6,675,000</u>	<u>\$ 6,811,196</u>

**THE BREAST CANCER RESEARCH FOUNDATION, INC.**

**Notes to Consolidated Financial Statements  
June 30, 2021 and 2020**

**NOTE I - THE ENDOWMENT (CONTINUED)**

**[4] Changes in the endowment during each fiscal year:**

	<b>June 30, 2021</b>		
	<b>With Donor Restrictions</b>		
	<b>Amounts Subject to Appropriation</b>	<b>Amounts Held in Perpetuity</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 136,196	\$ 6,675,000	\$ 6,811,196
Contributions	-	-	-
Investment income, net	251,224	-	251,224
Net appreciation (realized and and unrealized )	1,481,476	-	1,481,476
Appropriation of endowment assets for expenditure	<u>(333,750)</u>	<u>-</u>	<u>(333,750)</u>
Endowment net assets, end of year	<u>\$ 1,535,146</u>	<u>\$ 6,675,000</u>	<u>\$ 8,210,146</u>

	<b>June 30, 2020</b>		
	<b>With Donor Restrictions</b>		
	<b>Amounts Subject to Appropriation</b>	<b>Amounts Held in Perpetuity</b>	<b>Total</b>
Endowment net assets, beginning of year (including pledge receivable of \$250,000)	\$ 219,907	\$ 6,550,000	\$ 6,769,907
Contributions	-	125,000	125,000
Investment income, net	215,585	-	215,585
Net appreciation (realized and and unrealized )	20,704	-	20,704
Appropriation of endowment assets for expenditure	<u>(320,000)</u>	<u>-</u>	<u>(320,000)</u>
Endowment net assets, end of year	<u>\$ 136,196</u>	<u>\$ 6,675,000</u>	<u>\$ 6,811,196</u>

**[5] Return objectives and risk parameters:**

The Foundation's endowment assets are invested in a manner intended to produce a positive return on invested assets, while assuming a moderate level of investment risk. Actual returns in any given year may vary, depending on investment strategies and economic conditions.

**[6] Strategies employed for achieving objectives:**

To satisfy its long-term rate-of-return objectives, the Foundation's Board of Directors relies on a total-return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

# THE BREAST CANCER RESEARCH FOUNDATION, INC.

## Notes to Consolidated Financial Statements June 30, 2021 and 2020

### NOTE I - THE ENDOWMENT (CONTINUED)

#### [7] Spending policy:

The Foundation's Board of Directors has a policy for appropriating for each year an amount that shall not exceed an amount earned on the endowment. Over the long term, management expects the assets underlying its endowment to grow at a reasonable rate, consistent with the Board's objective to maintain the purchasing power of the endowment assets, as well as to provide additional real growth through new gifts and investment returns. During both fiscal-years 2021 and 2020, the spend rate was 5%, to ensure compliance with the spending requirements of the underlying gift agreements.

#### [8] Funds with deficiencies:

Due to unfavorable market fluctuations, from time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may decline below the historical dollar value of the donor's original restricted contribution, or the amount required to be maintained under state law, referred to as underwater endowment. Under the terms of NYPMIFA, the Foundation has no responsibility to restore such decreases in value. At June 30, 2021 and 2020, there were no deficiencies of this nature.

### NOTE J - RELATED-PARTY TRANSACTIONS

#### [1] Fund-raising:

One member of the Foundation's Board of Directors is also a member of the Board of Directors of a corporation that donated a portion of its sales revenue to the Foundation and held various fund-raising events for the benefit of the Foundation. For fiscal-years 2021 and 2020, the Foundation recognized contribution revenue from the corporation of approximately \$5,152,000 and \$6,994,000, respectively. During fiscal-years 2021 and 2020, certain executives and a Board member of this corporation also made personal contributions to the Foundation of approximately \$233,000 and \$1,630,000, respectively. Additionally, during fiscal-years 2021 and 2020, the corporation donated items to be given away during the Foundation's fund-raising events valued at approximately \$15,000 and \$46,000, respectively.

#### [2] Operating expenses:

The Foundation also reimburses this corporation to cover certain operating expenses paid on its behalf each fiscal year. These reimbursements to the corporation are for payroll and related benefits for the staff who exclusively conduct the Foundation's activities, as well as reimbursement for other administrative services provided at cost. For fiscal years 2021 and 2020, these reimbursements approximated \$8,875,000 and \$9,413,000, respectively. At June 30, 2021 and 2020, the total amount advanced to the corporation for future costs was approximately \$548,000 and \$411,000, respectively, and is included in prepaid expenses in the accompanying consolidated statements of financial position. Effective January 1, 2022, the Foundation will be utilizing the services of a Professional Employer Organization to manage its payroll and benefits to provide a robust platform of services to its employees while maintaining comprehensive and competitive benefits.

#### [3] Employee benefit plans:

The employees of the Foundation who are affiliated with the corporation participate in the corporation's defined-contribution retirement plan, formed under 401(k) of the Code, as well as The Retirement Growth Account Plan formed under Section 401(a) of the Code, both of which cover all employees who meet the eligibility requirements. The Retirement Growth Plan is a non-contributory plan whereby eligible employees accrue a percentage of their compensation, based on their years of service in the plan. The Foundation's contributions to these plans for fiscal-years 2021 and 2020 were approximately \$424,000 and \$443,000, respectively. See also Note J[2].

# THE BREAST CANCER RESEARCH FOUNDATION, INC.

## Notes to Consolidated Financial Statements June 30, 2021 and 2020

### NOTE K - COMMITMENTS AND OTHER UNCERTAINTY

#### [1] Lease obligations:

The Foundation is obligated under two non-cancelable operating lease agreements for office space which expire on December 31, 2022 and June 30, 2022, respectively. The Foundation primarily occupies the lease agreement which expires in June 2022 and sub-leases a portion of the space expiring in December 2022 to an unrelated party. The revenue related to this sub-lease agreement is included in accompanying consolidated statements of activities. Additionally, the Foundation leases storage space on a month-to-month basis.

Future minimum lease receipts relating to the sub-lease are approximately as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 116,000
2023	<u>58,000</u>
	<u>\$ 174,000</u>

Future minimum lease payments relating to these operating leases are approximately as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 880,000
2023	<u>146,000</u>
	<u>\$ 1,026,000</u>

Rent expense (including tax and operating escalation charges) was approximately \$1,277,000 and \$1,266,000 in fiscal-years 2021 and 2020, respectively.

#### [2] Employment agreement:

The Foundation is obligated under an employment agreement with its President. The agreement is automatically extended on an annual basis, unless either party provides 90 days of prior written notice of its intention not to do so.

The President will be retiring at the end of fiscal year 2022 and will receive post-employment compensation and other benefits substantially in accordance with the President's employment agreement.

#### [3] Future fund-raising events:

The Foundation is obligated under various rental agreements for fund-raising events to be held subsequent to fiscal year-end, the deposits for which have been reported as prepaid expenses in the consolidated statements of financial position.

#### [4] Other contracts:

In the normal course of business, the Foundation enters into various contracts and agreements for professional and other services, which are typically renewable on a year-to-year basis.



# THE BREAST CANCER RESEARCH FOUNDATION, INC.

## Notes to Consolidated Financial Statements June 30, 2021 and 2020

### NOTE K - COMMITMENTS AND OTHER UNCERTAINTY (CONTINUED)

#### [5] Other uncertainty:

The extent of the impact of the COVID-19 outbreak on the operational and financial performance of the Foundation will depend on the continued future developments, including the duration and spread of the outbreak and related travel advisories and restrictions and the impact of COVID-19 on the overall availability of contributions towards the Foundation's programs, all of which are highly uncertain and cannot be predicted. If contributions towards the Foundation's programs are impacted for an extended period, results of operations may be materially adversely affected.

The Foundation retained over \$11 million and \$18 million in net income in FY2021 and FY2020, respectively, to provide additional fiscal support to offset the potential impact of COVID-19 on the Foundation's operations.

### NOTE L - PPP LOAN PAYABLE

The Foundation received \$1,272,100 in funds from the PPP First Draw on May 1, 2020, and applied for and received an additional \$1,272,100 under the PPP Second Draw program on May 21, 2021, for a total of \$2,544,200. These proceeds are reported as PPP loans payable in the consolidated statements of financial position as of June 30, 2021. Neither principal nor interest is due for a deferral period, which ends when the SBA remits the loan forgiveness to the bank. These loans may be forgiven subject to bank approval in accordance with SBA guidelines. Any outstanding principal of either loan that is not forgiven under the PPP loan program at the end of the deferral period will convert to a term loan with an interest rate of 0.98% payable in equal installments of principal and interest over the remaining period until the loan maturity date. The loans are scheduled to mature on May 1, 2022 and May 21, 2023, respectively.

Until determination of forgiveness, the scheduled future principal maturities as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 1,272,100
2023	<u>1,272,100</u>
Total	<u>\$ 2,544,200</u>

Subsequent to year end, in July 2021, the Foundation received full forgiveness of the First Draw PPP loan. The Foundation is in the process of applying for forgiveness for the Second Draw PPP loan.

### NOTE M - CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash and cash equivalents in accounts with balances that frequently exceed federally insured limits. Management does not believe that the Foundation is exposed to any significant risk of loss that might result from the failure of these financial institutions.

# THE BREAST CANCER RESEARCH FOUNDATION, INC.

## Notes to Consolidated Financial Statements June 30, 2021 and 2020

### NOTE N - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Foundation's financial assets available for general expenditure (which includes scheduled grant payments) as of the consolidated statements of financial position date, reduced by amounts not available for general use within one year because of donor-imposed restrictions or internal designations:

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 22,173,103	\$ 42,399,122
Pledge receivables, net	10,315,164	8,098,534
Other receivables	261,837	252,842
Investments	<u>84,614,054</u>	<u>55,552,833</u>
Total financial assets available within one year	<u>117,364,158</u>	<u>106,303,331</u>
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restrictions by donors with purpose restrictions	(5,552,874)	(4,456,500)
Restrictions by donors for future periods	(6,564,202)	(1,910,905)
Restricted by donors that are perpetual in nature	(6,675,000)	(6,675,000)
Internal designation by the Board of Directors	<u>-</u>	<u>(558,204)</u>
Total amounts unavailable for general expenditure within one year	<u>(18,792,076)</u>	<u>(13,600,609)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 98,572,082</u>	<u>\$ 92,702,722</u>

#### Liquidity policy:

The Foundation's fiscal policies are structured to ensure that sufficient financial assets are available as its general expenditures, liabilities, and other obligations come due. The Foundation meets this objective primarily through its current policy to approve research grants for funding after the funds have been raised, as well as maintaining a minimum of one year of operating (non-grant) expenses in reserves. The Foundation maintains a significant balance of cash and cash equivalents at each fiscal-year end due to funding requirements of committed research payments that are to be paid soon after each fiscal year-end.