

EISNERAMPER

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

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 and 2021



THE BREAST CANCER RESEARCH FOUNDATION, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
The Breast Cancer Research Foundation, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Breast Cancer Research Foundation, Inc. (the "Foundation"), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, 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.

In our opinion, the 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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Foundation's 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
February 27, 2023



THE BREAST CANCER RESEARCH FOUNDATION, INC.

Consolidated Statements of Financial Position

	June 30,	
	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 29,181,726	\$ 22,173,103
Pledges receivable, net	22,361,318	10,315,164
Other receivables	237,220	261,837
Investments	78,080,199	84,614,054
Prepaid expenses	62,641	725,327
Property and equipment, net	24,949	331,284
Security deposits	<u>100,671</u>	<u>257,845</u>
	<u>\$ 130,048,724</u>	<u>\$ 118,678,614</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 6,581,568	\$ 443,791
Paycheck Protection Program loans payable	1,272,100	2,544,200
Grants payable	<u>57,894,993</u>	<u>58,966,571</u>
	<u>65,748,661</u>	<u>61,954,562</u>
Commitments and other uncertainty (Note J)		
NET ASSETS		
Without donor restrictions:		
Undesignated – available for operations	<u>30,818,530</u>	<u>37,931,976</u>
With donor restrictions:		
Purpose restrictions	18,053,058	5,552,874
Time restricted for future periods	8,242,970	6,564,202
Perpetual in nature	<u>7,185,505</u>	<u>6,675,000</u>
Total net assets with donor restrictions	<u>33,481,533</u>	<u>18,792,076</u>
Total net assets	<u>64,300,063</u>	<u>56,724,052</u>
	<u>\$ 130,048,724</u>	<u>\$ 118,678,614</u>

THE BREAST CANCER RESEARCH FOUNDATION, INC.

Consolidated Statements of Activities

	Year Ended June 30,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:						
Public support and revenue:						
Contributions of financial assets	\$ 40,503,522	\$ 27,818,198	\$ 68,321,720	\$ 38,047,767	\$ 9,474,619	\$ 47,522,386
Contributions of nonfinancial assets	1,009,837	-	1,009,837	783,554	-	783,554
Special events (net of direct benefits to donors of \$1,442,152 and \$532,190 in fiscal-years 2022 and 2021, respectively)	<u>12,701,164</u>	<u>-</u>	<u>12,701,164</u>	<u>15,379,277</u>	<u>-</u>	<u>15,379,277</u>
Total public support and revenue	<u>54,214,523</u>	<u>27,818,198</u>	<u>82,032,721</u>	<u>54,210,598</u>	<u>9,474,619</u>	<u>63,685,217</u>
Expenses:						
Program services	58,126,227	-	58,126,227	53,055,774	-	53,055,774
Management and general	3,946,203	-	3,946,203	3,394,599	-	3,394,599
Fund-raising	<u>8,659,568</u>	<u>-</u>	<u>8,659,568</u>	<u>5,957,456</u>	<u>-</u>	<u>5,957,456</u>
Total expenses	<u>70,731,998</u>	<u>-</u>	<u>70,731,998</u>	<u>62,407,829</u>	<u>-</u>	<u>62,407,829</u>
(Deficiency) excess of operating activities over expenses before net assets released from restrictions	(16,517,475)	27,818,198	11,300,723	(8,197,231)	9,474,619	1,277,388
Net assets released from restrictions	<u>12,361,345</u>	<u>(12,361,345)</u>	<u>-</u>	<u>5,457,648</u>	<u>(5,457,648)</u>	<u>-</u>
(Deficiency) excess of operating activities support and revenue over expenses	<u>(4,156,130)</u>	<u>15,456,853</u>	<u>11,300,723</u>	<u>(2,739,583)</u>	<u>4,016,971</u>	<u>1,277,388</u>
Non-operating activities:						
Net investment (losses) income	(5,725,017)	(767,396)	(6,492,413)	7,245,503	1,732,700	8,978,203
Grant refunds	1,762,345	-	1,762,345	604,082	-	604,082
Foreign currency (losses) gains	(45,256)	-	(45,256)	197,689	-	197,689
Rental income	99,218	-	99,218	114,483	-	114,483
Loss on disposal of property and equipment	(58,258)	-	(58,258)	-	-	-
Loss on abandonment of lease	(404,719)	-	(404,719)	-	-	-
Gain on Paycheck Protection Program loan forgiveness	1,272,100	-	1,272,100	-	-	-
Other income	<u>142,271</u>	<u>-</u>	<u>142,271</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(7,113,446)	14,689,457	7,576,011	5,422,174	5,749,671	11,171,845
Net assets, beginning of year	<u>37,931,976</u>	<u>18,792,076</u>	<u>56,724,052</u>	<u>32,509,802</u>	<u>13,042,405</u>	<u>45,552,207</u>
Net assets, end of year	\$ 30,818,530	\$ 33,481,533	\$ 64,300,063	\$ 37,931,976	\$ 18,792,076	\$ 56,724,052

See notes to the consolidated financial statements.

THE BREAST CANCER RESEARCH FOUNDATION, INC.

Consolidated Statement of Functional Expenses

Year Ended June 30, 2022

(with summarized financial information for the year ended June 30, 2021)

	Program Services: Research	Supporting Services			Total	
		Management and General	Fund-raising	Total Supporting Services	Total	
					2022	2021
Grants awarded	\$ 48,661,147	\$ -	\$ -	\$ -	\$ 48,661,147	\$ 42,000,949
Founder's Fund grants awarded	4,059,441	-	-	-	4,059,441	5,499,051
Special events:						
Venue, food and beverages	-	-	249,786	249,786	249,786	-
Audio visual	-	-	688,010	688,010	688,010	523,190
Entertainment	-	-	204,891	204,891	204,891	9,000
Other direct event costs	-	-	299,465	299,465	299,465	-
Printing, postage and office expenses	-	-	340,119	340,119	340,119	-
Event management and production	-	-	221,494	221,494	221,494	-
Other	-	-	433,408	433,408	433,408	261,572
Salaries and employee benefits	3,546,762	1,776,410	4,954,657	6,731,067	10,277,829	8,800,126
Contracted services	27,200	48,763	393,206	441,969	469,169	74,993
Conferences and meetings	41,287	-	-	-	41,287	48,399
Professional fees	921,911	1,124,933	1,404,811	2,529,744	3,451,655	2,988,793
Occupancy	376,499	772,385	426,184	1,198,569	1,575,068	1,297,282
Telephone	2,489	69,186	167	69,353	71,842	76,360
Supplies	2,693	23,988	12,011	35,999	38,692	19,617
Printing, postage and office expenses	406,992	428,249	383,174	811,423	1,218,415	1,104,921
Increase in allowance for uncollectible accounts	-	17,000	-	17,000	17,000	-
Licenses	-	12,074	-	12,074	12,074	11,358
Total expenses before depreciation and amortization	58,046,421	4,272,988	10,011,383	14,284,371	72,330,792	62,715,611
Depreciation and amortization	79,806	77,934	90,337	168,271	248,077	224,408
Total expenses	58,126,227	4,350,922	10,101,720	14,452,642	72,578,869	62,940,019
Less: loss on abandonment of lease	-	(404,719)	-	(404,719)	(404,719)	-
Less: direct benefits to donors	-	-	(1,442,152)	(1,442,152)	(1,442,152)	(532,190)
Total expenses per consolidated statements of activities	\$ 58,126,227	\$ 3,946,203	\$ 8,659,568	\$ 12,605,771	\$ 70,731,998	\$ 62,407,829

See notes to the consolidated financial statements.

THE BREAST CANCER RESEARCH FOUNDATION, INC.

**Consolidated Statement of Functional Expenses
Year Ended June 30, 2021**

	Program Services: Research	Supporting Services		Total Supporting Services	Total
		Management and General	Fund-raising		
Grants awarded	\$ 42,000,949	\$ -	\$ -	\$ -	\$ 42,000,949
Founder's Fund grants awarded	5,499,051	-	-	-	5,499,051
Special events:					
Audio visual	-	-	523,190	523,190	523,190
Entertainment	-	-	9,000	9,000	9,000
Other	12,171	-	249,401	249,401	261,572
Salaries and employee benefits	3,106,689	1,421,396	4,272,041	5,693,437	8,800,126
Contracted services	25,039	31,275	18,679	49,954	74,993
Conferences and meetings	48,399	-	-	-	48,399
Professional fees	1,663,587	768,263	556,943	1,325,206	2,988,793
Occupancy	431,812	371,200	494,270	865,470	1,297,282
Telephone	1,564	74,629	167	74,796	76,360
Supplies	1,293	14,661	3,663	18,324	19,617
Printing, postage and office expenses	189,329	639,187	276,405	915,592	1,104,921
Licenses	-	11,358	-	11,358	11,358
Total expenses before depreciation and amortization	52,979,883	3,331,969	6,403,759	9,735,728	62,715,611
Depreciation and amortization	75,891	62,630	85,887	148,517	224,408
Total expenses	53,055,774	3,394,599	6,489,646	9,884,245	62,940,019
Less: direct benefits to donors	-	-	(532,190)	(532,190)	(532,190)
Total expenses per consolidated statements of activities	\$ 53,055,774	\$ 3,394,599	\$ 5,957,456	\$ 9,352,055	\$ 62,407,829

See notes to the consolidated financial statements.

THE BREAST CANCER RESEARCH FOUNDATION, INC.

Consolidated Statements of Cash Flows

	Year Ended June 30,	
	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 7,576,011	\$ 11,171,845
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	248,077	224,408
Loss on disposal of property and equipment	58,258	-
Unrealized losses (gains) on investments	8,446,114	(7,390,669)
Realized gains on investments	(336,320)	(504,908)
Increase in allowance for uncollectible accounts	17,000	-
Gain on Paycheck Protection Program loan forgiveness	(1,272,100)	-
Changes in:		
Pledges receivable, net	(12,063,154)	(2,216,630)
Other receivables	24,617	(8,995)
Prepaid expenses	662,686	(123,967)
Security deposits	157,174	-
Accounts payable and accrued expenses	6,137,777	(219,639)
Grants payable	<u>(1,071,578)</u>	<u>(1,121,136)</u>
Net cash provided by (used in) operating activities	<u>8,584,562</u>	<u>(189,691)</u>
Cash flows from investing activities:		
Proceeds from sales of investments	1,724,000	22,847,145
Purchases of investments	(3,299,939)	(44,012,789)
Purchases of property and equipment	<u>-</u>	<u>(142,784)</u>
Net cash used in investing activities	<u>(1,575,939)</u>	<u>(21,308,428)</u>
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	<u>-</u>	<u>1,272,100</u>
Net change in cash and cash equivalents	7,008,623	(20,226,019)
Cash and cash equivalents, beginning of year	<u>22,173,103</u>	<u>42,399,122</u>
Cash and cash equivalents, end of year	<u>\$ 29,181,726</u>	<u>\$ 22,173,103</u>
Supplemental disclosure of cash flow information:		
Donated non-financial assets	<u>\$ 1,009,837</u>	<u>\$ 783,554</u>

See notes to the consolidated financial statements.

THE BREAST CANCER RESEARCH FOUNDATION, INC.

Notes to Consolidated Financial Statements June 30, 2022 and 2021

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, 2022 and 2021

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 when triggering events indicate that the fair value of the long-lived assets may be less than the carrying value, and recognizes impairment in the year of determination. There were no triggering events during fiscal-years 2022 and 2021, requiring management to test for impairment that would require adjustment to property and equipment.

[7] Paycheck Protection Program loans 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"), provided 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 K).

THE BREAST CANCER RESEARCH FOUNDATION, INC.

Notes to Consolidated Financial Statements June 30, 2022 and 2021

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 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.

(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, 2022 and 2021

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 benefits 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 (contribution of nonfinancial assets):*

From time-to-time, the Foundation receives various forms of gifts-in-kind, which are contributions of nonfinancial assets, including donated merchandise and scientific and legal services. These types of contributions are reported at their estimated fair value on the date of receipt and reported as expenses when utilized. Donated goods are valued based upon estimates of fair value that would be received for selling the goods in their principal marketplace considering their condition and utility for use at the time the goods are contributed by the donor. It is the Foundation's policy that contributions of nonfinancial assets are only utilized within operations to support the Foundation's mission and not monetized.

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

(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 (losses) gains, refunds of grants awarded in prior years, foreign currency (losses) gains, rental income, losses on disposals and lease abandonment, 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, 2022 and 2021

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 principle:

In September 2020, the FASB issued Accounting Standard Update ("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 consolidated statements 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; and (iv) the valuation and techniques and inputs 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 have been applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Analysis of the various provisions of this standard resulted in no significant changes in the way the Foundation recognizes contributed nonfinancial assets and therefore no changes to the previously issued audited consolidated financial statements were required on a retrospective basis.

[16] Upcoming accounting principle:

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, as amended, which supersedes the current leasing guidance and upon adoption, will require lessees to recognize right-of-use assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard is effective for the Foundation for the annual period beginning after December 15, 2021, and can be early adopted. Upon the adoption of the guidance, operating leases are capitalized on the consolidated statements of financial position at the present value of lease payments. The consolidated statements of financial position amount recorded for existing leases at the date of adoption of ASU 2016-02 will be calculated using the applicable incremental borrowing rate, or risk free rate, at the date of adoption. The impact on the Foundation's consolidated financial statements is currently being evaluated.

THE BREAST CANCER RESEARCH FOUNDATION, INC.

Notes to Consolidated Financial Statements June 30, 2022 and 2021

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

[17] Reclassification:

Certain prior-year information has been reclassified to conform to the current year's presentation.

[18] Subsequent events:

The Foundation has evaluated subsequent events through February 27, 2023, the date on which the consolidated financial statements were available to be issued.

NOTE B - PLEDGES AND OTHER RECEIVABLES

[1] Pledges receivable:

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

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Less than one year	\$ 14,341,127	\$ 8,867,200
One to five years	8,315,000	1,576,500
Six to ten years	<u>850,000</u>	<u>400,000</u>
	23,506,127	10,843,700
Reduction of pledges due in excess of one year to present value, using discount rates ranging from 0.31% - 5.50%	(1,002,742)	(328,385)
Less: allowance for doubtful collections	<u>(142,067)</u>	<u>(200,151)</u>
	<u>\$ 22,361,318</u>	<u>\$ 10,315,164</u>

The Foundation wrote-off uncollectible pledges receivable of approximately \$75,000 and \$36,000 against its allowance in fiscal-years 2022 and 2021, 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.

THE BREAST CANCER RESEARCH FOUNDATION, INC.

Notes to Consolidated Financial Statements June 30, 2022 and 2021

NOTE C - INVESTMENTS

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

	June 30,			
	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	\$ 250,420	\$ 250,420	\$ 260,071	\$ 260,071
Corporate bonds	9,771,978	10,760,063	9,463,193	9,201,866
U.S. government and agency obligations	3,663,324	3,879,839	4,722,933	4,639,185
Mutual funds:				
Equity	23,826,171	19,173,797	27,938,474	18,510,175
Fixed-income	<u>40,568,306</u>	<u>42,725,673</u>	42,229,383	42,266,236
	<u>\$ 78,080,199</u>	<u>\$ 76,789,792</u>	<u>\$ 84,614,054</u>	<u>\$ 74,877,533</u>

At June 30, 2022, concentrations of the Foundation's investments in excess of 10% of the fair value of its portfolio included approximately 52% invested in two fixed-income mutual funds for the fiscal-year 2022. 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.

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

	Year Ended June 30,	
	2022	2021
Interest and dividends	\$ 1,733,068	\$ 1,183,487
Realized gains	336,320	504,908
Unrealized (losses) gains	(8,446,114)	7,390,669
Investment advisory fees	<u>(115,687)</u>	<u>(100,861)</u>
	<u>\$ (6,492,413)</u>	<u>\$ 8,978,203</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 BREAST CANCER RESEARCH FOUNDATION, INC.

Notes to Consolidated Financial Statements June 30, 2022 and 2021

NOTE C - INVESTMENTS (CONTINUED)

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, 2022		
	Level 1	Level 2	Total
Cash and cash equivalents	\$ 250,420	\$ -	\$ 250,420
Corporate bonds	-	9,771,978	9,771,978
U.S. government and agency obligations	3,187,625	475,699	3,663,324
Mutual funds:			
Equity	23,826,171	-	23,826,171
Fixed-income	<u>40,568,306</u>	<u>-</u>	<u>40,568,306</u>
	<u>\$ 67,832,522</u>	<u>\$ 10,247,677</u>	<u>\$ 78,080,199</u>

	June 30, 2021		
	Level 1	Level 2	Total
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>

NOTE D - PROPERTY AND EQUIPMENT

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

	June 30,	
	2022	2021
Leasehold improvements	\$ 365,351	\$ 853,097
Furniture and equipment	<u>111,815</u>	<u>282,066</u>
	477,166	1,135,163
Less: accumulated depreciation and amortization	<u>(452,217)</u>	<u>(803,879)</u>
	<u>\$ 24,949</u>	<u>\$ 331,284</u>

THE BREAST CANCER RESEARCH FOUNDATION, INC.

Notes to Consolidated Financial Statements June 30, 2022 and 2021

NOTE D - PROPERTY AND EQUIPMENT: (CONTINUED)

During 2022, the Foundation disposed of property and equipment no longer in use of \$657,997, resulting in a loss on disposal of \$58,258.

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>2022</u>	<u>2021</u>
Purpose restrictions:		
Research grants	\$ 10,661,370	\$ 4,017,728
Clinical trials	<u>6,957,688</u>	<u>-</u>
	17,619,058	4,017,728
Subject to appropriation:		
Accumulated endowment earnings reserved for appropriation	<u>434,000</u>	<u>1,535,146</u>
Total purpose restrictions	<u>18,053,058</u>	<u>5,552,874</u>
Time-restricted for future periods	<u>8,242,970</u>	<u>6,564,202</u>
Perpetual in nature	<u>7,185,505</u>	<u>6,675,000</u>
	<u>\$ 33,481,533</u>	<u>\$ 18,792,076</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>2022</u>	<u>2021</u>
Purpose restrictions satisfied as follows:		
Grants:		
Research	\$ 5,306,067	\$ 4,871,858
Clinical trials	<u>4,634,341</u>	<u>-</u>
	<u>9,940,408</u>	<u>4,871,858</u>
Time-restrictions satisfied	<u>2,420,937</u>	<u>585,790</u>
	<u>\$ 12,361,345</u>	<u>\$ 5,457,648</u>

THE BREAST CANCER RESEARCH FOUNDATION, INC.

Notes to Consolidated Financial Statements June 30, 2022 and 2021

NOTE F - CONDITIONAL COMMITMENTS RECEIVED

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, 2022, the Foundation has recognized \$9,000,000 in revenue from this grant; \$2,000,000 in each of the fiscal-years 2021 and 2019, respectively, and \$5,000,000 in fiscal-years 2018, 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 \$2,176,078 in revenue from this grant; \$426,078, \$1,250,000, and \$500,000 in fiscal-years 2022, 2021 and 2020, respectively, 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.

THE BREAST CANCER RESEARCH FOUNDATION, INC.

**Notes to Consolidated Financial Statements
June 30, 2022 and 2021**

NOTE G - DONATED GOODS AND SERVICES

The tables below disclose the in-kind donations received in each fiscal year, as well as the valuation techniques and inputs, the existence of donor restrictions, and the utilization in accordance with ASU 2020-07:

Year Ended June 30, 2022

	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and inputs
Donated fund-raising merchandise	\$159,057	Provided to attendees at special events as tokens	None	Reflected at market prices in the various principal markets where they are consumed.
Donated legal services	\$570,780	General and administrative	None	Contributed legal services are considered to reflect fair market rates for services performed.
Donated scientific consulting services	\$280,000	Program-related grant making	None	Contributed services from the Foundation's Scientific Advisory Committee are considered to reflect fair market rates for services performed.

Year Ended June 30, 2021

	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and inputs
Donated fund-raising merchandise	\$50,129	Provided to attendees at special events as tokens	None	Reflected at market prices in the various principal markets where they are consumed.
Donated legal services	\$491,425	General and administrative	None	Contributed legal services are considered to reflect fair market rates for services performed.
Donated scientific consulting services	\$242,000	Program-related grant making	None	Contributed services from the Foundation's Scientific Advisory Committee are considered to reflect fair market rates for services performed.

THE BREAST CANCER RESEARCH FOUNDATION, INC.

Notes to Consolidated Financial Statements June 30, 2022 and 2021

NOTE G - DONATED GOODS AND SERVICES: (CONTINUED)

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 \$1,909,000 and \$654,000 for fiscal-years 2022 and 2021, respectively, do not meet the criteria for revenue recognition as the Foundation is not actively involved in determining and managing the message and lacks control over others' access to the benefit. Accordingly, the values of the PSAs have not been reported in the consolidated financial statements.

(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 H - 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, 2022		
	<u>Amounts Subject to Appropriation</u>	<u>Amounts Held in Perpetuity</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ 434,000</u>	<u>\$ 7,185,505</u>	<u>\$ 7,619,505</u>
	June 30, 2021		
	<u>Amounts Subject to Appropriation</u>	<u>Amounts Held in Perpetuity</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ 1,535,146</u>	<u>\$ 6,675,000</u>	<u>\$ 8,210,146</u>

THE BREAST CANCER RESEARCH FOUNDATION, INC.

Notes to Consolidated Financial Statements
June 30, 2022 and 2021

NOTE H - THE ENDOWMENT (CONTINUED)

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

	June 30, 2022		
	With Donor Restrictions		
	Amounts Subject to Appropriation	Amounts Held in Perpetuity	Total
Endowment net assets and the earnings thereon, beginning of year	\$ 1,535,146	\$ 6,675,000	\$ 8,210,146
Contributions	-	510,505	510,505
Investment income, net	175,833	-	175,833
Net depreciation (realized and unrealized)	(943,229)	-	(943,229)
Appropriation of endowment assets for expenditure	<u>(333,750)</u>	<u>-</u>	<u>(333,750)</u>
Endowment net assets and the earnings thereon (including net pledges receivable of \$510,505, end of year)	<u>\$ 434,000</u>	<u>\$ 7,185,505</u>	<u>\$ 7,619,505</u>

	June 30, 2021		
	With Donor Restrictions		
	Amounts Subject to Appropriation	Amounts Held in Perpetuity	Total
Endowment net assets and the earnings thereon, beginning of year	\$ 136,196	\$ 6,675,000	\$ 6,811,196
Contributions	-	-	-
Investment income, net	251,224	-	251,224
Net appreciation (realized 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 and the earnings thereon, end of year	<u>\$ 1,535,146</u>	<u>\$ 6,675,000</u>	<u>\$ 8,210,146</u>

[4] 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.

[5] 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, 2022 and 2021

NOTE H - THE ENDOWMENT (CONTINUED)

[6] 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 2022 and 2021, the spend rate was 5%, to ensure compliance with the spending requirements of the underlying gift agreements.

[7] 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, 2022 and 2021, there were no deficiencies of this nature.

NOTE I - RELATED-PARTY TRANSACTIONS

[1] Fund-raising:

One of the Co-chairs of the Foundation's Board of Directors is also the Executive Chairman of the of the Estee Lauder Companies, Inc. (the "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 2022 and 2021, the Foundation recognized contribution revenue from the corporation of approximately \$6,243,000 and \$5,152,000, respectively. During fiscal-years 2022 and 2021, certain directors of this corporation also made personal contributions to the Foundation totaling approximately \$1,315,000 and \$233,000, respectively. Additionally, during fiscal-years 2022 and 2021, the corporation donated items to be given away during the Foundation's fund-raising events valued at approximately \$64,000 and \$15,000, respectively.

[2] Operating expenses:

Through December 31, 2021, the Foundation also reimbursed the corporation for certain operating expenses paid on its behalf each fiscal year. These reimbursements to the corporation were for payroll and related benefits for the staff who exclusively conducted the Foundation's activities, as well as reimbursement for other administrative services provided at cost. For fiscal years 2022 and 2021, these reimbursements approximated \$4,750,000 and \$8,875,000, respectively. At June 30, 2021, the total amount advanced to the corporation for future costs was approximately \$548,000, and the amount was included in prepaid expenses in the accompanying consolidated statements of financial position. Effective January 1, 2022, the Foundation manages its own payroll process and has contracted the services of a Professional Employer Organization ("PEO") to manage its employees' payroll and benefits.

[3] Employee benefit plans:

Through December 31, 2021, the employees of the Foundation participated 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 covered all employees who met the eligibility requirements. The Retirement Growth Plan was a non-contributory plan whereby eligible employees accrued a percentage of their compensation, based on their years of service in the plan. Effective January 1, 2022, the employees of the Foundation participate in a defined contribution retirement plan, formed under 401(k) of the Code as provided by the PEO. The Foundation's contributions to these plans for fiscal-years 2022 and 2021 were approximately \$455,000 and \$424,000, respectively. See also Note J[2].

THE BREAST CANCER RESEARCH FOUNDATION, INC.

Notes to Consolidated Financial Statements June 30, 2022 and 2021

NOTE J - COMMITMENTS AND OTHER UNCERTAINTY

[1] Lease obligations:

As of June 30, 2021, the Foundation was obligated under two non-cancelable operating leases agreement for office space. During fiscal year 2022, the Foundation surrendered office space under one lease agreement which was originally due to expire in December 2022. A portion of this space was sub-leased to a non-related party, the agreement of which, ended with the surrender of the lease. The cost of the lease buyout as a result of the surrender was \$404,719. Revenue related to this sub-lease agreement, and the costs associated with surrendering this space, are included in accompanying consolidated statements of activities.

The Foundation's remaining lease agreement, which was originally set to expire in June 2022, was amended effective July 1, 2022 to extend the lease through June 2028. In conjunction with this amendment, the Foundation received a rent holiday of six months and a tenant improvement allowance of \$444,540.

The Foundation also leases storage space on a month-to-month basis.

Rent expense (including tax and operating escalation charges) was approximately \$1,170,000 and \$1,277,000 in fiscal-years 2022 and 2021, respectively.

[2] Employment agreement:

The Foundation has an employment agreement with its President. In January 2022, in recognition of the President's long tenure and announced planned retirement, the Foundation entered into an agreement with the President to provide her with post-employment compensation and other benefits arrangement, substantially in accordance with her employment agreement. Substantially all of the costs associated with this agreement are included in accounting payable and accrued expenses for fiscal-year 2022 in the accompanying consolidated statements of financial position.

[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.

[5] Other uncertainty:

The extent of the impact of the worldwide pandemic and other global events on the operational and financial performance, including the impact on the Foundation's investment portfolio, is uncertain and will depend on the continued future developments and external restrictions imposed. The potential economic impact brought by, and the duration of, these conditions is difficult to assess or predict, and may have an adverse impact on the Foundation's operations.

The Foundation retained over \$7 million and \$11 million in net income in fiscal years 2022 and 2021, respectively, to provide additional fiscal support to offset the potential impact of COVID-19 on the Foundation's operations.

THE BREAST CANCER RESEARCH FOUNDATION, INC.

Notes to Consolidated Financial Statements June 30, 2022 and 2021

NOTE K - 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. The first draw PPP loan, which had a maturity date of May 1, 2022, was forgiven. The forgiveness of this loan is reflected in non-operating activities in the consolidated statement of activities. With respect to the Second Draw, neither principal nor interest is due for a deferral period, which ends when the SBA remits the loan forgiveness to the bank. Subsequent to June 30, 2022, in November 2022, the Foundation was notified that the second loan will be partially forgiven in the amount of \$1,169,874, and that the Foundation would remain responsible for the remaining balance of \$102,226. The notification of partial forgiveness remains subject to bank approval in accordance with SBA guidelines. Once finalized, the outstanding principal of the remaining loan that is not forgiven 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 outstanding loan is scheduled to mature on May 21, 2023.

Until final determination of forgiveness amount has been approved, the scheduled future principal maturities as of June 30, 2022 are as follows:

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

The SBA may audit any PPP loan at its discretion for up to six years after the date the SBA forgave the loan. The SBA reserves the right to audit any PPP loan, regardless of size and these audits may occur after forgiveness has been granted. In accordance with the Cares Act, all borrowers are required to maintain the PPP loan documentation for six years after the PPP loan was forgiven, or repaid in full and to provide that documentation to the SBA upon request.

NOTE L - 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.

NOTE M - 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:

THE BREAST CANCER RESEARCH FOUNDATION, INC.

**Notes to Consolidated Financial Statements
June 30, 2022 and 2021**

NOTE M - LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

	June 30,	
	2022	2021
Cash and cash equivalents	\$ 29,181,726	\$ 22,173,103
Pledge receivables, net	22,361,318	10,315,164
Other receivables	237,220	261,837
Investments	<u>78,080,199</u>	<u>84,614,054</u>
Total financial assets available within one year	<u>129,860,463</u>	<u>117,364,158</u>
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restrictions by donors with purpose restrictions	(18,053,058)	(5,552,874)
Restrictions by donors for future periods	(8,242,970)	(6,564,202)
Restrictions by donors that are perpetual in nature	<u>(7,185,505)</u>	<u>(6,675,000)</u>
Total amounts unavailable for general expenditure within one year	<u>(33,481,533)</u>	<u>(18,792,076)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 96,378,930</u>	<u>\$ 98,572,082</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.