

Breast Cancer Alliance, Inc.

Financial Statements

March 31, 2019



**Breast Cancer Alliance**

**Breast Cancer Alliance, Inc.**  
**March 31, 2019**

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Ryan C. Sheppard, CPA, CFF

## **Report of Independent Auditor**

To the Board of Directors  
Breast Cancer Alliance, Inc.  
Greenwich, Connecticut

We have audited the accompanying financial statements of Breast Cancer Alliance, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets— modified cash basis as of March 31, 2019, and the related statements of revenues, expenses and changes in net assets – modified cash, functional expenses – modified cash basis and cash flows – modified cash basis for the year then ended, and the related notes to the financial statements.

### **Management’s Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Breast Cancer Alliance, Inc. as of March 31, 2019, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

***Knight Rolleri Sheppard CPAS, LLP***

Knight Rolleri Sheppard CPAS, LLP  
Fairfield, Connecticut  
December 2, 2019

**Breast Cancer Alliance, Inc.**  
**Statement of Assets, Liabilities and Net Assets - Modified Cash Basis**  
**March 31, 2019**

**Assets**

**Assets:**

Cash and invested cash	\$ 53,952
Board restricted investments	1,202,105
Cash restricted for research grants	887,500
Other assets	76,330
Total assets	<u>\$ 2,219,887</u>

**Liabilities and Net Assets**

**Liabilities:**

Research grants payable	\$ 887,500
Total liabilities	<u>887,500</u>

**Net assets without donor restrictions:**

Undesignated	130,282
Board restricted for research grants	1,202,105
Total net assets	<u>1,332,387</u>
Total liabilities and net assets	<u>\$ 2,219,887</u>

**See report of independent auditor and notes to financial statements.**

**Breast Cancer Alliance, Inc.**  
**Statement of Revenues, Expenses and Changes in Net Assets - Modified Cash Basis**  
**For the Year Ended March 31, 2019**

**Public support and revenues:**

Annual benefit luncheon	\$ 1,584,389
Contributions and donations	677,596
Program income and special events	427,852
Unrealized loss on investments	(58,859)
Interest income	29,830
Total public support and revenues	2,660,808

**Expenses:**

Program services	1,988,105
Supporting services:	
Management and general	236,283
Fundraising	664,023
Total expenses	2,888,411

<b>Change in net assets</b>	(227,603)
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Net assets - beginning of year	1,559,990
Net assets - end of year	\$ 1,332,387

See report of independent auditor and notes to financial statements.

**Breast Cancer Alliance, Inc.**  
**Statement of Functional Expenses - Modified Cash Basis**  
**For the Year Ended March 31, 2019**

	<u>Program Expenses</u>	<u>Supporting Services</u>		<u>Total Expenses</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 47,571	\$ 92,804	\$ 154,723	\$ 295,098
Payroll taxes and insurance	7,129	13,367	24,062	44,558
Total salary and related expenses	<u>54,700</u>	<u>106,171</u>	<u>178,785</u>	<u>339,656</u>
Charitable donations	1,660	-	-	1,660
Conferences and travel	-	4,839	12,146	16,985
Consulting	42,000	-	-	42,000
Credit card and bank fees	-	31,223	-	31,223
Filing fees	-	400	-	400
Grants and allocations	1,864,854	-	-	1,864,854
Insurance	-	3,244	-	3,244
Miscellaneous	-	8,097	-	8,097
Office supplies and equipment	-	17,419	-	17,419
Postage, printing and publications	17,935	5,921	1,539	25,395
Professional fees	-	14,497	-	14,497
Programs and events	-	-	471,553	471,553
Rent and related costs	-	38,922	-	38,922
Telephone and technology	6,956	5,550	-	12,506
 Total expenses	 <u>\$ 1,988,105</u>	 <u>\$ 236,283</u>	 <u>\$ 664,023</u>	 <u>\$ 2,888,411</u>

See report of independent auditor and notes to financial statements.

**Breast Cancer Alliance, Inc.**  
**Statement of Cash Flows - Modified Cash Basis**  
**For the Year Ended March 31, 2019**

Cash flows provided by (used for) operating activities	
Change in net assets	\$ (227,603)
Adjustments to reconcile net assets to cash provided by (used for) operating activities:	
Unrealized loss on investments	58,859
Investment activity not impacting cash	42,322
Decrease in board restricted cash	112,500
Decrease in other assets	804
Decrease in research grants payable	(112,500)
	<hr/>
Net cash used for operating activities	(125,618)
Cash and cash equivalents - beginning of year	179,570
	<hr/>
Cash and cash equivalents - end of year	<u><u>\$ 53,952</u></u>

**See report of independent auditor and notes to financial statements.**



**Breast Cancer Alliance, Inc.**  
**Notes to Financial Statements**  
**March 31, 2019**  
**(See Report of Independent Auditor)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Breast Cancer Alliance Inc. (the "Alliance") was organized in 1996 as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. The mission and the program services of the Alliance is to raise funds for breast cancer research; support breast cancer-related activities in the Fairfield/Westchester County area and to educate women on the importance of early detection of breast cancer.

**Basis of Financial Statement Presentation and Accounting**

The financial statements have been prepared using the modified cash basis of accounting. This differs from generally accepted accounting principles in that the transactions are recorded when cash is received or expended, with some assets and liabilities recorded rather than when the transactions occur.

The Alliance reports net assets according to restrictions. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Donated Assets and Services**

No amounts have been recognized in the statement of activities because the criteria for recognition under Statement of Financial Accounting Standard Codification 958 have not been satisfied. However, a substantial number of volunteers have donated significant amounts of their time to the organization.

**Use of Estimates**

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to use numerous estimates and assumptions. Actual results could differ from those estimates.

**Revenue Recognition**

Revenue is recognized when contributions or donations have been received.

**Breast Cancer Alliance, Inc.**  
**Notes to Financial Statements**  
**March 31, 2019**  
**(See Report of Independent Auditor)**

**Concentration of Credit Risk**

The Alliance maintains its cash balances at one financial institution. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. Uninsured balances are approximately \$1,609,000 at March 31, 2019. The Alliance monitors its balances with the financial institution during the year and believes it is not exposed to any significant risk in maintaining accounts with this financial institution.

**Functional and Allocated Expenses**

The Alliance allocates the salaries of its employees to certain expense categories. In 2019 \$178,785 of these types of expenses was allocated to fundraising, \$106,171 to administration and \$54,700 to program services.

**Cash equivalents**

For the purpose of the statement of cash flows, the Alliance considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

**Tax Exempt Status**

The Alliance is a nonprofit entity exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes has been recorded in the accompanying financial statements. Federal and state taxes on unrelated business income, if applicable, are provided at statutory rates. The Alliance's informational return is open to inspection by regulators from March 31, 2017.

**Investments and Income Recognition**

Investments are reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. See Note 6 for a discussion of fair value measurements.

Investments consists of large cap equity funds and fixed income securities that are stated at fair value. Fair value is determined using quoted market prices, and gains or losses from changes in fair value are recognized in the statement of activities and changes in net assets in the period of change. Net realized and unrealized gains include the Alliance's gains and losses on investments bought and sold as well as held during the year. Marketable investments in equities securities are carried at fair value based upon quoted market prices, which are level 1 inputs as defined.

Contributed securities are recorded at their fair market value at date of receipt.

**Breast Cancer Alliance, Inc.**  
**Notes to Financial Statements**  
**March 31, 2019**  
**(See Report of Independent Auditor)**

**NOTE 2 – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor and other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 53,952
Investments	<u>1,202,105</u>
	<u>\$ 1,256,057</u>

The Organization meets its obligations based upon the fundraising activity in the previous year. Board restricted investments are available for expenditure as needed and approved by the board.

**NOTE 3 – OTHER ASSETS**

Other assets include \$25,850 of security deposits for the 2020 Annual Benefit Lunch, Golf Event and fundraising events and \$50,480 of prepaid expenses.

**NOTE 4 - CONTRIBUTIONS**

The Annual Benefit Luncheon amount in the statement of revenues, expenses and changes in net assets include contributions of approximately \$1,584,389.

**NOTE 5 – RISK CONCENTRATION**

The Alliance receives the majority of its public support from business and individual donors located in communities within Connecticut and New York.

**NOTE 6 – FAIR VALUE MEASUREMENT**

The Alliance follows the guidance under Statement of Financial Accounting Standards Codification 820, Fair Value Measurements. This standard establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

*Level 1 Inputs*

Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted instruments;

*Level 2 Inputs*

Quoted prices for similar instruments in active markets or quoted prices for similar instruments in markets that are not active whose inputs are observable, either directly or indirectly;

*Level 3 Inputs*

Prices or valuations that require inputs that are both significant to the fair value and unobservable.

**Breast Cancer Alliance, Inc.**  
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In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The input or methodology used for valuation of securities is not necessarily an indication of the risk associated with investing in those securities.

The following is a description of the valuation methodologies used for assets measured at fair value:

Fixed income – fixed income investments consist of domestic debt instruments and include both government and corporate holdings.

Mutual Funds and Equities – Equities include domestic and foreign investment held in separate accounts or in mutual funds that are traded on public exchanges and are priced daily. This investment class may also hold commodities via a mutual fund structure.

The following table sets forth by level, within the fair value hierarchy, the Alliance's assets at fair value as of March 31, 2019:

Description	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments:				
Fixed income fund	\$ 525,150	\$ 525,150	\$ -	\$ -
Mutual funds:				
Domestic equity funds	676,955	676,955	-	-
Total assets at fair value	<u>\$ 1,202,105</u>	<u>\$ 1,202,105</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

The Alliance is obligated under a two-year lease for office space that expires on July 31, 2020. Aggregate annual payments under the lease are as follows:

2020	\$ 11,000
2021	-
2022	-
2023	-
2024	-
Thereafter	-
	<u>\$ 11,000</u>

Rent expense was \$38,922 for the year ended March 31, 2019.

**Breast Cancer Alliance, Inc.**  
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**(See Report of Independent Auditor)**

**NOTE 8 – SUBSEQUENT EVENTS**

In accordance with FASB Accounting Standards Codification 855, Subsequent Events, the Alliance has evaluated subsequent events to the Statement of Financial Position date of March 31, 2019 through December 2, 2019, which is the date the financial statements were available to be issued. Management has determined that there are no subsequent events that require disclosure.