

**BREAST CANCER RESEARCH
FOUNDATION OF ALABAMA**

**Financial Statements
For the Year Ended
December 31, 2018**

**With Comparative Totals for the
Year Ended December 31, 2017**

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

**Table of Contents
For the Year Ended December 31, 2018**

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

Financial Statements

 Statement of Financial Position..... 3

 Statement of Activities..... 4

 Schedule of Functional Expenses..... 5

 Statement of Cash Flows..... 6

Notes to Financial Statements..... 7-10

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The Board of Directors
Breast Cancer Research Foundation of Alabama

We have audited the accompanying financial statements of the Breast Cancer Research Foundation of Alabama (the Foundation), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2017 financial statements, and our report dated October 24, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Borland Benefield P.C.

Borland Benefield, P.C.
Birmingham, Alabama
October 24, 2019

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

Statement of Financial Position

At December 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents		
Unrestricted	\$ 888,626	\$ 826,565
Restricted	73,122	86,983
Accounts receivable	19,600	22,156
Pledge receivable	29,750	40,000
Prepaid expenses	<u>3,605</u>	<u>2,058</u>
Total Assets	<u>\$ 1,014,703</u>	<u>\$ 977,762</u>
Liabilities and Net Assets		
Grants payable	\$ 797,921	\$ 762,695
Accrued liabilities	<u>1,942</u>	<u>1,228</u>
Total Liabilities	<u>799,863</u>	<u>763,923</u>
Net Assets		
Without donor restrictions	111,968	86,856
With donor restrictions	<u>102,872</u>	<u>126,983</u>
Total Net Assets	<u>214,840</u>	<u>213,839</u>
Total Liabilities and Net Assets	<u>\$ 1,014,703</u>	<u>\$ 977,762</u>

See accompanying notes to financial statements.

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

**Statement of Activities
For the Year Ended December 31, 2018
With Summary Totals for the Year Ended December 31, 2017**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2018 Total</u>	<u>2017 Total</u>
Support and Revenue				
Public donations	\$ 1,224,857	\$ -	\$ 1,224,857	\$ 1,273,009
Grant revenue	119,813	-	119,813	98,275
Gifts in kind	104,499	-	104,499	98,696
Interest and other investment income	2,143	954	3,097	2,409
Net assets released from restrictions	<u>25,065</u>	<u>(25,065)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>1,476,377</u>	<u>(24,111)</u>	<u>1,452,266</u>	<u>1,472,389</u>
Expenses				
Breast cancer research and awareness program	1,353,974	-	1,353,974	1,214,862
General and administrative	77,230	-	77,230	72,377
Fundraising	<u>20,061</u>	<u>-</u>	<u>20,061</u>	<u>139,378</u>
Total Expenses	<u>1,451,265</u>	<u>-</u>	<u>1,451,265</u>	<u>1,426,617</u>
Change in Net Assets	25,112	(24,111)	1,001	45,772
Net Assets, Beginning of Year	<u>86,856</u>	<u>126,983</u>	<u>213,839</u>	<u>168,067</u>
Net Assets, End of Year	<u>\$ 111,968</u>	<u>\$ 102,872</u>	<u>\$ 214,840</u>	<u>\$ 213,839</u>

See accompanying notes to financial statements

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

**Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2018**

With Summary Totals for the Year Ended December 31, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2018 Total</u>	<u>2017 Totals</u>
Expenses					
Contributions to UAB Comprehensive					
Cancer center	\$ 995,475	\$ -	\$ -	\$ 995,475	945,300
Personnel expense	136,811	49,054	-	185,865	179,911
In-kind donations	97,064	7,435	-	104,499	98,696
Advertising	50,115	-	-	50,115	51,985
Facilities & equipment costs	42,842	-	-	42,842	39,979
Meals & entertainment	19,662	496	-	20,158	35,223
Tag marketing	-	-	12,197	12,197	31,317
Credit card processing	2,027	113	3,750	5,890	4,472
Supplies	508	5,312	-	5,820	4,639
Telephone & telecommunications	969	1,578	3,000	5,547	5,080
Accounting fees	-	4,000	-	4,000	4,000
Insurance	1,009	4,137	-	5,146	3,701
Printing & copying	3,061	135	-	3,196	10,331
Rent, parking & utilities	-	3,000	-	3,000	2,850
Postage & mailing service	931	855	1,114	2,900	5,574
Outside contract services	2,000	-	-	2,000	-
Dues & membership	1,000	206	-	1,206	706
Travel & meetings	-	604	-	604	533
Other expenses	500	99	-	599	2,055
Business expenses	-	200	-	200	200
Bank fees	-	6	-	6	65
Total Expenses	<u>\$ 1,353,974</u>	<u>\$ 77,230</u>	<u>\$ 20,061</u>	<u>\$ 1,451,265</u>	<u>\$ 1,426,617</u>

See accompanying notes to financial statements.

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

Statement of Cash Flows
For the Year Ended December 31, 2018
With Comparative Totals for the Year Ended December 31, 2017

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities		
Cash received from contributions and grants	\$ 1,360,573	\$ 1,334,232
Cash paid in donations	(995,475)	\$ (945,300)
Cash paid to suppliers and employees	<u>(316,898)</u>	<u>(436,493)</u>
Net Cash (Used)/Provided by Operating Activities	48,200	(47,561)
Cash and Cash Equivalents, Beginning of Year	<u>913,548</u>	<u>961,109</u>
Cash and Cash Equivalents, End of Year	<u>\$ 961,748</u>	<u>\$ 913,548</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 1,001	\$ 45,772
Change in operating assets and operating liabilities		
Grants receivable	12,806	538
Unconditional promises to give	-	(40,000)
Other assets	(1,547)	1
Accounts payable	35,226	(53,872)
Payroll taxes payable	<u>714</u>	<u>-</u>
Net Cash Provided by Operating Activities	<u>\$ 48,200</u>	<u>\$ (47,561)</u>

See accompanying notes to financial statements

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

Notes to the Financial Statements For the Year ended December 31, 2018

Note 1 – Summary of Significant Accounting Policies

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

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

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

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

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

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

Accounts Receivable – Receivables consist of outstanding amounts for t-shirt sales.

Management periodically assesses the collectability of any outstanding receivable balances and writes off those amounts that management believes will not be recovered. At December 31, 2018, management believes all accounts and pledges are collectible and there has been no valuation allowance needed.

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

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

See independent auditor's report.

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

Notes to Financial Statements (continued) For the Year Ended December 31, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

Contributions In-Kind – Many individuals and organizations have made significant non-cash donations of materials, services and use of facilities. These donations include accounting services, materials and supplies for fundraising events and miscellaneous other donations used to further the goals of the Foundation. The value of these donated services, materials and supplies that are included in the financial statements and the corresponding expenses totaled \$104,499 and \$98,696 as of December 31, 2018 and 2017, respectively.

Joint Costs of Activities that Include a Fundraising Appeal – During the years ended December 31, 2018 and 2017, the Foundation incurred joint costs of \$10,411 and \$45,768, respectively, for events that included fundraising appeals. The Foundation allocated \$11,978 and \$36,565 to fundraising expense and \$2,546 and \$9,424 to management and general expense.

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

As of December 31, 2018, the Foundation had no uncertain tax positions that qualify for disclosure in the financial statements. The Foundation files an annual Form 990 with the Internal Revenue Service and its tax returns for the year 2016 and subsequent years remain subject to examination by tax authorities.

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

Comparative Financial Information – The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

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

Recent Pronouncements - On August 18, 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The new guidance simplifies and improves how not-for-profit entities classify net assets as well as the information presented in financial statements and notes about liquidity, financial performance and cash flows. The new standards change the following aspects of the Foundation's financial statements:

See independent auditor's report.

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

Notes to Financial Statements (continued) For the Year Ended December 31, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The restricted net asset class has been renamed net assets with donor restrictions.
- The format of the statement of cash flows has changed to the direct method of reporting cash flows from operations, which we believe to be more understandable for the users of our financial statements.
- The financial statements include a new disclosure about liquidity and availability of resources (See Note 8).

Note 2 – Cash and Cash Equivalents

The Foundation maintains accounts at four financial institutions. Cash totaled \$961,748 and \$913,548 at December 31, 2018 and 2017, respectively, which approximated the fair value. The accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2018, the Foundation held non-insured amounts at Renasant Bank and ServisFirst in the total amount of \$15,566 and \$128,531, respectively. At December 31, 2017, the Foundation held non-insured amounts at Renasant Bank and BBVA in the total amount of \$4,300 and \$235, respectively.

Note 3 – Pledge Receivable

The Foundation has an unconditional promise to give in the amounts of \$29,750 and \$40,000 as of December 31, 2018 and 2017, respectively. Management believes that all pledge receivables are fully collectible as of year-end. The pledges are restricted (See Note 4) and consist of the following balance:

	<u>2018</u>	<u>2017</u>
Receivable in less than one year	\$ 10,000	\$ 10,000
Receivable in one to five years	<u>19,750</u>	<u>30,000</u>
Total pledge receivable due	<u>\$ 29,750</u>	<u>\$ 40,000</u>

Note 4 – Donor Restricted Net Assets

Net assets have been restricted by donors to fund an immunotherapy project led by qualified physicians in the field. Restricted cash amounts are maintained in a separate account with Merrill Lynch with a balance of \$73,122 and \$86,983, as of December 31, 2018 and 2017, respectively.

	<u>2018</u>	<u>2017</u>
Restricted Cash	\$ 73,122	86,983
Pledge receivable	<u>29,750</u>	<u>40,000</u>
Total net assets with donor restrictions	<u>\$ 102,872</u>	<u>\$ 126,983</u>

See independent auditor's report.

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

Notes to Financial Statements (continued) For the Year Ended December 31, 2018

Note 5 – Grants Payable

The Foundation raises money throughout the year to help fund breast cancer research. At year-end, the board of directors reviews the financial position of the Foundation and determines an amount to give to the O'Neal Comprehensive Cancer Center at UAB. Grants authorized but unpaid at year-end are reported as liabilities. As of December 31, 2018 and 2017, grants authorized to be paid to the center totaled \$797,921 and \$762,695, respectively.

Note 6 – Advertising Expense

The Foundation uses advertising to promote the sale of license plates to citizens of the State of Alabama. The expenses for this promotion totaled \$12,197 and \$31,317 in 2018 and 2017, respectively. Other advertising costs are for the promotion of various events and awareness of the Foundation and totaled \$50,115 and \$51,985 in 2018 and 2017, respectively. All advertising is expensed when incurred.

Note 7 – Retirement Plan

The Foundation has implemented a Simple IRA retirement plan for all eligible employees during the previous year. An eligible employee is an individual that earns more than \$5,000 annually in the current and prior year. The Foundation matches dollar for dollar up to 3% of the employees compensation. As of December 31, 2018 and 2017, the Foundation recognized a total plan expense of \$4,858 and \$4,814, respectively.

Note 8 – Liquidity and Availability of Financial Assets

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

	<u>2018</u>	<u>2017</u>
Financial assets available to meet cash needs for		
General expenditures within one year	<u>\$ 908,226</u>	<u>848,721</u>

Note 9 – Subsequent Events

The Foundation has evaluated subsequent events through October 24, 2019, the date the financial statements were available to be issued and no additional disclosure were required.

See independent auditor's report.