

**BREAST CANCER RESEARCH
FOUNDATION OF ALABAMA**

**Financial Statements
For the Year Ended
December 31, 2017**

**With Comparative Totals for the
Year Ended December 31, 2016**

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

**Table of Contents
For the Year Ended December 31, 2017**

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

* * * * *

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Breast Cancer Research Foundation of Alabama

We have audited the accompanying financial statements of the Breast Cancer Research Foundation of Alabama (the Foundation), which comprise the statement of financial position as of December 31, 2017, 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, 2017, 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 2016 financial statements, and our report dated September 19, 2017, 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, 2016, 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 10, 2018

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

Statement of Financial Position

At December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents		
Unrestricted	\$ 826,565	\$ 834,273
Restricted	86,983	126,836
Accounts receivable	22,156	22,694
Pledge receivable	40,000	-
Prepaid expenses	2,058	2,058
Total Assets	<u>\$ 977,762</u>	<u>\$ 985,861</u>
Liabilities and Net Assets		
Grants payable	\$ 762,695	\$ 816,566
Accrued liabilities	1,228	1,228
Total Liabilities	<u>763,923</u>	<u>817,794</u>
Net Assets		
Unrestricted	86,856	41,231
Temporarily restricted	126,983	126,836
Total Net Assets	<u>213,839</u>	<u>168,067</u>
Total Liabilities and Net Assets	<u>\$ 977,762</u>	<u>\$ 985,861</u>

See accompanying notes to financial statements.

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

**Statement of Activities
For the Year Ended December 31, 2017
With Summary Totals for the Year Ended December 31, 2016**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
Support and Revenue				
Public donations	\$ 1,223,009	\$ 50,000	\$ 1,273,009	\$ 1,173,124
Grant revenue	98,275	-	98,275	58,600
Gifts in kind	98,696	-	98,696	93,402
Interest and other investment income	2,197	212	2,409	1,882
Other income	-	-	-	4,077
Net assets released from restrictions	<u>50,065</u>	<u>(50,065)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>1,472,242</u>	<u>147</u>	<u>1,472,389</u>	<u>1,331,085</u>
Expenses				
Breast cancer research and awareness program	1,214,862	-	1,214,862	1,262,381
General and administrative	72,377	-	72,377	65,296
Fundraising	<u>139,378</u>	<u>-</u>	<u>139,378</u>	<u>24,927</u>
Total Expenses	<u>1,426,617</u>	<u>-</u>	<u>1,426,617</u>	<u>1,352,604</u>
Change in Net Assets	45,625	147	45,772	(21,519)
Net Assets, Beginning of Year	<u>41,231</u>	<u>126,836</u>	<u>168,067</u>	<u>189,586</u>
Net Assets, End of Year	<u>\$ 86,856</u>	<u>\$ 126,983</u>	<u>\$ 213,839</u>	<u>\$ 168,067</u>

See accompanying notes to financial statements

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

**Schedule of Functional Expenses
For the Year Ended December 31, 2017
With Summary Totals for 2016**

Expenses by Function	Breast Cancer Research Awareness Program	General and Administrative	Fundraising	2017 Total Expenses	2016 Total Expenses
Contributions to UAB Comprehensive Cancer Center	\$ 945,300	\$ -	\$ -	\$ 945,300	\$ 861,675
Personnel expense	134,933	44,978	-	179,911	174,948
In-kind expenses	94,526	4,170	-	98,696	93,402
Advertising	24,461	-	27,524	51,985	3,233
Occupancy costs	107	4,375	38,347	42,829	22,920
Meals & entertainment	9,718	644	24,861	35,223	32,843
Tag marketing	-	33	31,284	31,317	23,848
Printing & copying	1,861	1,413	7,057	10,331	84,488
Postage	1,369	916	3,289	5,574	5,385
Telephone	418	3,361	1,301	5,080	261
Supplies	309	3,152	1,178	4,639	4,594
Credit card fees	1,860	820	1,792	4,472	-
Professional fees	-	4,000	-	4,000	4,000
Insurance	-	3,701	-	3,701	3,750
Other	-	-	2,055	2,055	17,000
Dues & subscriptions	-	107	599	706	-
Travel and meetings	-	442	91	533	14,190
Business expense	-	200	-	200	299
Bank fees	-	65	-	65	3,738
Fundraising fees	-	-	-	-	2,030
Total Expenses by Function	\$ 1,214,862	\$ 72,377	\$ 139,378	\$ 1,426,617	\$ 1,352,604

See accompanying notes to financial statements.

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

Statement of Cash Flows
For the Year Ended December 31, 2017
With Comparative Totals for the Year Ended December 31, 2016

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities		
Change in net asset	\$ 45,772	\$ (21,519)
Change in operating assets and liabilities:		
Accounts receivable	538	12,840
Pledges receivable	(40,000)	-
Prepaid Expenses	-	3,916
Grants payable and accrued expenses	<u>(53,871)</u>	<u>164,633</u>
Net Cash (Used)/Provided by Operating Activities	<u>(47,561)</u>	<u>159,870</u>
Net Change in Cash and Cash Equivalents	(47,561)	159,870
Cash and Cash Equivalents, Beginning of Year	<u>961,109</u>	<u>801,239</u>
Cash and Cash Equivalents, End of Year	<u>\$ 913,548</u>	<u>\$ 961,109</u>
Supplemental Disclosure of Cash Flows Information:		
Interest received	<u>\$ 2,409</u>	<u>\$ 1,882</u>
Reconciliation to Statement of Financial Position		
Unrestricted cash and cash equivalents	\$ 826,565	\$ 834,273
Restricted cash and cash equivalents	<u>86,983</u>	<u>126,836</u>
Total Reconciliation to Statement of Financial Position	<u>\$ 913,548</u>	<u>\$ 961,109</u>

See accompanying notes to financial statements

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

Notes to the Financial Statements For the Year ended December 31, 2017

Note 1 – Summary of Significant Accounting Policies

Organization and Nature of Activities – Breast Cancer Research Foundation (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 three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. *Permanently restricted net assets* are net assets subject to donor-imposed restrictions that they be maintained permanently by the Foundation. The Foundation had no permanently restricted net assets at December 31, 2017 and 2016. *Temporarily restricted net assets* are subject to donor-imposed stipulations that may or will be met by actions of the Foundation and/or the passage of time. *Unrestricted net assets* are not subject to donor-imposed stipulations.

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, 2017, management believes all accounts and pledges are collectible and there has been no valuation allowance needed.

Revenue Recognition – Contributions are recorded when received as unrestricted, temporarily restricted or permanently restricted support, 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, 2017

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 \$98,696 and \$93,402 as of December 31, 2017 and 2016, respectively.

Joint Costs of Activities that Include a Fundraising Appeal – During the years ended December 31, 2017 and 2016, the Foundation incurred joint costs of \$45,989 and \$34,073, respectively, for events that included fundraising appeals. The Foundation allocated \$36,565 and \$24,927 to fundraising expense and \$9,424 and \$9,146 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, 2017, 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 2015 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, 2016, 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 provisions of the update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017.

See independent auditor's report.

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

Notes to Financial Statements (continued) For the Year Ended December 31, 2017

Note 1 – Summary of Significant Accounting Policies (continued)

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities. The standard's core principle is to clarify the scope and accounting guidance for contributions received and contributions made. This amendment should assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and determining whether a contribution is conditional. The amendment further provides a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance and provides additional guidance about how to determine whether a contribution is conditional. This amendment likely will result in more grants and contracts being accounted for as either contributions or conditional contributions than observed in practice under current guidance. The importance of this clarification of the guidance is due to its effects on the timing of contribution revenue and expenses recognition. The FASB's standard is effective for non-profit organizations for annual periods beginning after December 15, 2018 and interim periods within annual periods beginning after December 15, 2019.

Note 2 – Cash and Cash Equivalents

The Foundation maintains accounts at four financial institutions. Cash totaled \$865,949 and \$920,474 at December 31, 2017 and 2016, 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, 2017, the Foundation held non-insured amounts at Renasant Bank and BBVA in the total amount of \$4,300 and \$235, respectively. At December 31, 2016, the Foundation held non-insured amounts at ServisFirst Bank in the total amount of \$57,963.

Note 3 – Pledge Receivable

The Foundation has an unconditional promise to give in the amounts of \$40,000 and \$0 as of December 31, 2017 and 2016, 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:

Pledges receivable due:

Receivable in less than one year	\$	10,000
Receivable in one to five years		<u>30,000</u>
Total	\$	<u>40,000</u>

See independent auditor's report.

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

Notes to Financial Statements (continued) For the Year Ended December 31, 2017

Note 4 – Temporarily Restricted Net Assets

Temporarily restricted net assets have been restricted by donors to fund an immunotherapy project lead by qualified physicians in the field. Restricted cash amounts are maintained in a separate account with Merrill Lynch with a balance of \$86,983 and \$126,836, as of December 31, 2017 and 2016, respectively.

Restricted Cash	\$ 86,983
Pledge receivable	<u>40,000</u>
Total Restricted Net Assets	<u>\$ 126,983</u>

Note 5 – Grants Payable

The Foundation raises money throughout the year to help fund breast cancer research. At year-end, the board of directors reviews the financial position of the Foundation and determines an amount to give to the University of Alabama-Birmingham Comprehensive Cancer Center. Grants authorized but unpaid at year-end are reported as liabilities. As of December 31, 2017 and 2016, grants authorized to be paid to the center totaled \$762,694 and \$816,566, 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 \$31,317 and \$23,848 in 2017 and 2016, respectively. Other advertising costs are for the promotion of various events and awareness of the Foundation and totaled \$51,985 and \$3,233 in 2017 and 2016, respectively. All advertising is expensed when incurred.

Note 7 – Retirement Plan

The Foundation has implemented a Simple IRA retirement plan for all eligible employees in the current 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, 2017 and 2016, the Foundation recognized a total plan expense of \$4,815 and \$4,384, respectively.

Note 8 – Subsequent Events

The Foundation has evaluated subsequent events through October 10, 2018, the date the financial statements were available to be issued.

See independent auditor's report.