



FINANCIAL STATEMENTS

March 31, 2018 and 2017

The American Breast Cancer Foundation, Inc.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors of
The American Breast Cancer Foundation, Inc.
Columbia, Maryland

We have audited the accompanying financial statements of The American Breast Cancer Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 Foundation'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 Foundation'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 reasonable 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 American Breast Cancer Foundation, Inc. as of March 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Weil, Akman, Baylin & Coleman, P.A.

Timonium, Maryland
December 12,, 2018

THE AMERICAN BREAST CANCER FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

MARCH 31,

2018

2017

ASSETS

Current assets

Cash and cash equivalents	\$ 113,109	\$ 164,236
Investments	1,798,117	1,780,585
Other receivables, net	18,961	107,231
Prepaid expenses	4,542	4,473

Total current assets

1,934,729 2,056,525

Property and equipment, net

18,315 28,222

Other assets

Deposits	6,298	6,298
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Total assets

\$ 1,959,342 \$ 2,091,045

2018

2017

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 183,467	\$ 113,875
Accrued expenses	9,149	10,331
Deferred rent expense	<u>50,568</u>	<u>59,880</u>

Total liabilities

243,184

184,086

Net assets

Unrestricted	<u>1,716,158</u>	<u>1,906,959</u>
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Total liabilities and net assets

\$ 1,959,342

\$ 2,091,045

THE AMERICAN BREAST CANCER FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED MARCH 31,

2018

2017

	<u>Unrestricted</u>	<u>Unrestricted</u>
Unrestricted revenues, gains, and support		
Public support	\$ 628,560	\$ 510,622
Legacies and bequests	67,500	211,659
Donated services	-	14,977
Other revenue	4,867	19,683
Dividends and interest	84,045	73,082
Net realized and unrealized gain on investments	18,828	142,251
	<u>803,800</u>	<u>972,274</u>
Functional expenses		
Program services	625,054	371,449
General and administrative	211,213	273,668
Fundraising	158,334	238,940
	<u>994,601</u>	<u>884,057</u>
Change in unrestricted net assets	(190,801)	88,217
Unrestricted net assets - beginning of year	<u>1,906,959</u>	<u>1,818,742</u>
Unrestricted net assets - end of year	<u>\$ 1,716,158</u>	<u>\$ 1,906,959</u>

THE AMERICAN BREAST CANCER FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MARCH 31, 2018

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Bank charges	\$ 1,479	\$ 3,976	\$ 1,274	\$ 6,729
Consulting	350	-	-	350
Depreciation and amortization	6,068	3,035	3,035	12,138
Dues and subscriptions	-	1,045	861	1,906
Financial assistance - individuals	146,080	-	-	146,080
Insurance - health	13,253	6,274	5,780	25,307
Insurance - other	6,043	2,861	2,636	11,540
Interest expense	-	71	-	71
Marketing	299	-	5,175	5,474
Mileage	-	-	18	18
Miscellaneous	340	2,116	171	2,627
Meals and entertainment	-	1,157	-	1,157
Office expenses	776	872	495	2,143
Payroll processing fees	2,634	1,247	1,149	5,030
Payroll taxes	12,977	6,142	5,659	24,778
Postage and shipping	1,682	276	1,349	3,307
Professional fees	13,456	72,930	18,075	104,461
Public appeal	-	-	1,125	1,125
Rent	36,364	9,745	20,321	66,430
Repairs and maintenance	1,580	1,467	1,949	4,996
Retirement plan contribution	4,015	1,900	1,751	7,666
Salaries - officer	83,792	39,664	36,544	160,000
Salaries - other	104,559	49,494	45,601	199,654
Special event costs	-	-	391	391
State registration	-	2,961	2,962	5,923
Support grants	182,500	-	-	182,500
Taxes - other	54	14	30	98
Telephone and internet	5,839	3,966	1,983	11,788
Travel	914	-	-	914
Total expenses	\$ 625,054	\$ 211,213	\$ 158,334	\$ 994,601

THE AMERICAN BREAST CANCER FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MARCH 31, 2017

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Bank charges	\$ 2,236	\$ 1,745	\$ 451	\$ 4,432
Bad debt	10,000	-	-	10,000
Depreciation and amortization	6,943	3,718	3,472	14,133
Dues and subscriptions	-	955	692	1,647
Employee benefits	15	236	19	270
Financial assistance - individuals	31,562	-	-	31,562
Insurance - health	9,583	8,510	7,509	25,602
Insurance - other	4,628	4,111	3,627	12,366
Interest expense	-	222	-	222
Licenses and permits	-	85	-	85
Marketing	-	-	8,876	8,876
Mileage	-	-	33	33
Miscellaneous	-	629	329	958
Meals and entertainment	-	327	278	605
Office expenses	56	2,551	201	2,808
Payroll processing fees	1,741	1,547	1,365	4,653
Payroll taxes	13,049	11,588	10,225	34,862
Postage and shipping	1,421	465	1,666	3,552
Printing and reproduction	259	446	446	1,151
Professional fees	12,595	69,746	17,292	99,633
Public appeal	-	-	49,673	49,673
Rent	17,639	32,302	16,511	66,452
Repairs and maintenance	1,454	2,539	1,123	5,116
Retirement plan contribution	3,093	2,747	2,424	8,264
Salaries - officer	60,020	53,301	47,031	160,352
Salaries - other	77,769	69,063	60,940	207,772
Special event costs	-	-	225	225
State registration	-	1,652	1,652	3,304
Support grants	112,500	-	-	112,500
Taxes - other	16	23	15	54
Telephone and internet	4,870	3,776	1,621	10,267
Travel	-	1,384	1,244	2,628
Total expenses	\$ 371,449	\$ 273,668	\$ 238,940	\$ 884,057

THE AMERICAN BREAST CANCER FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31,

2018

2017

Cash flows from operating activities:

Change in net assets	\$ (190,801)	\$ 88,217
Adjustments to reconcile change in net assets to net cash (used) by operating activities:		
Depreciation and amortization	12,138	14,133
Net realized and unrealized (gain) loss on investments	(18,828)	(142,251)
Change in allowance for doubtful accounts	-	10,000
(Increase) decrease in assets:		
Other receivables, net	88,270	(81,566)
Prepaid expenses	(69)	11,240
Deposits	-	2,285
Increase (decrease) in liabilities:		
Accounts payable	69,592	(31,936)
Accrued expenses	(1,182)	(9,119)
Deferred rent expense	(9,312)	(7,084)
Deferred revenue	-	(700)

Net cash (used) by operating activities

(50,192) (146,781)

Cash flows from investing activities:

Purchase of property and equipment	(2,230)	-
Purchase of investments	(358,905)	(453,301)
Proceeds from sale of investments	360,200	477,153

Net cash (used) provided by investing activities

(935) 23,852

Net (decrease) in cash and cash equivalents

(51,127) (122,929)

Cash and cash equivalents - beginning of year

164,236 287,165

Cash and cash equivalents - end of year

\$ 113,109 \$ 164,236

Supplemental disclosure of cash flow information:

Cash paid for interest	<u>\$ 71</u>	<u>\$ 222</u>
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THE AMERICAN BREAST CANCER FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018 AND 2017

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The American Breast Cancer Foundation, Inc. (the Foundation) is a not-for-profit corporation established to provide individuals in financial need, their families and their loved ones with education, support, and access to early detection through contributions and fundraising throughout the United States. The Foundation provides financial assistance to uninsured and underserved individuals for the screening, diagnosis, treatment and survival of breast cancer.

Method of Accounting

The financial statements are prepared on the accrual basis of accounting.

Basis of Presentation

Financial statement presentation follows the recommendations of the Not-for-Profit Entities Topic of the FASB Accounting Standards Codification. Under the Topic, 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. There were no temporarily or permanently restricted net assets for the years ended March 31, 2018 and 2017.

Cash and Cash Equivalents

The Foundation considers all highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents. The Foundation maintains their cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation's management believes the Foundation is not exposed to any significant credit risk on their balances.

Legacies and Bequests Receivable

Legacies and bequests receivable are stated at the estimated amount management expects to collect from probated wills. All receivables are expected to be collected within a year. There are \$0 of legacies and bequests receivable for the years ended March 31, 2018 and 2017.

Investments

The Not-for-Profit Entities Topic of the FASB Accounting Standards Codification requires that investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the statement of financial position. The unrealized gains and losses are included in the change in unrestricted net assets.

Fair Value

The Foundation follows the Fair Value Measurement and Disclosure Topic of the FASB Accounting Standards Codification, which provides a framework for measuring the fair value of assets and liabilities. The Topic also provides guidance regarding a fair value hierarchy, which prioritizes information used to measure fair value and the effect of fair value measurements on earnings and provides for enhanced disclosures determined by the level within the hierarchy of information used in the valuation. The Topic applies whenever other standards require (or permit) assets or liabilities to be measured at fair value but does not expand the use of fair value in any new circumstances.

THE AMERICAN BREAST CANCER FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018 AND 2017

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value (continued)

The three levels of the fair value hierarchy and investments that fall into each of the levels are described below:

- **Level 1:** Level 1 inputs are unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- **Level 2:** Level 2 inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3:** Level 3 inputs are unobservable and cannot be corroborated by observable market data. They are based on the best information available in the circumstances.

Depreciation and Amortization

Property and equipment are stated at cost or fair value at the date of donation for donated items. Depreciation and amortization is provided using the straight-line method over the estimated useful lives of the assets as follows:

Computer equipment	5 years
Furniture and fixtures	7 years
Leasehold improvements	Lesser of useful life or lease term
Office equipment	5 - 10 years
Trademarks	5 - 15 years

Additions and betterments of \$500 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

Income Taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. The Foundation had no unrelated business income for the years ended March 31, 2018 and 2017. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Contributions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

THE AMERICAN BREAST CANCER FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018 AND 2017

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Volunteers also provided program or fundraising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

NOTE B. INVESTMENTS

The following table reflects a summary of investments held by the Foundation as of March 31:

<u>Investments</u>	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Stocks and ETFs	\$ 636,818	\$ 845,013	\$ 707,678	\$ 881,851
Equity trusts	17,957	20,338	15,272	17,849
Mutual funds:				
Open end mutual funds	763,086	776,626	672,640	687,470
Closed end mutual funds	<u>179,452</u>	<u>156,140</u>	<u>258,394</u>	<u>193,415</u>
Total investments	\$ 1,597,313	\$ 1,798,117	\$ 1,653,984	\$ 1,780,585
			<u>2018</u>	<u>2017</u>
Realized and unrealized gain on investments			\$ 36,184	\$ 158,671
Investment expense			<u>(17,356)</u>	<u>(16,420)</u>
Net realized and unrealized gain on investments			\$ 18,828	\$ 142,251

NOTE C. OTHER RECEIVABLES, net

Other receivables consisted of the following at March 31:

	<u>2018</u>	<u>2017</u>
Accounts receivable	\$ 28,961	\$ 105,492
Accrued revenue	-	11,739
	<u>28,961</u>	<u>117,231</u>
Less: allowance for doubtful accounts	<u>(10,000)</u>	<u>(10,000)</u>
Other receivables, net	\$ 18,961	\$ 107,231

THE AMERICAN BREAST CANCER FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018 AND 2017

NOTE D. PROPERTY AND EQUIPMENT, net

Property and equipment consisted of the following at March 31:

	<u>2018</u>	<u>2017</u>
Computer equipment	\$ 67,949	\$ 65,718
Furniture and fixtures	9,989	9,989
Leasehold improvements	2,945	2,945
Office equipment	25,926	25,926
	<u>106,809</u>	<u>104,578</u>
Less: accumulated depreciation	<u>(88,494)</u>	<u>(76,356)</u>
Property and equipment, net	<u>\$ 18,315</u>	<u>\$ 28,222</u>
Depreciation expense	<u>\$ 12,138</u>	<u>\$ 13,887</u>

NOTE E. INTANGIBLE ASSETS, net

Intangible assets consisted of the following at March 31:

	<u>2018</u>	<u>2017</u>
Trademarks	\$ 2,250	\$ 2,250
Less: accumulated amortization	<u>(2,250)</u>	<u>(2,250)</u>
Intangible assets, net	<u>\$ -</u>	<u>\$ -</u>
Amortization expense	<u>\$ -</u>	<u>\$ 246</u>

NOTE F. DONATED SERVICES AND MATERIALS

The fair value of donated services included as contributions in the financial statements and repairs and maintenance in the corresponding functional expenses for event set up and janitorial services were \$0 and \$14,977 for the years ended March 31, 2018 and 2017, respectively.

NOTE G. COMMITMENTS

Operating Leases

The Foundation leases office space in Maryland under a lease agreement which expires August 2021. Under the lease, the Foundation received an abatement of rent for seven months once the Foundation moved into the office space. Rent expense was \$66,430 and \$66,452 for the years ended March 31, 2018 and 2017, respectively.

THE AMERICAN BREAST CANCER FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018 AND 2017

NOTE G. COMMITMENTS (continued)

At March 31, 2018 the remaining minimum payments required under the office lease are as follows:

March 31, 2019	\$	78,786
2020		81,150
2021		83,585
2022		<u>35,693</u>
Total future minimum payments	\$	<u>279,214</u>

Operating Leases

The Foundation leases office equipment under operating lease agreements expiring in various years through 2021. Monthly payments range from \$60 to \$337. Equipment rental expense under leases was \$4,996 and \$5,116 for the years ended March 31, 2018 and 2017, respectively. Equipment rental expense is recorded under repairs and maintenance.

At March 31, 2018 the remaining minimum payments required under these leases are as follows:

March 31, 2019	\$	4,768
2020		4,768
2021		<u>4,096</u>
Total future minimum payments	\$	<u>13,632</u>

NOTE H. BUSINESS CONCENTRATIONS

Contributions from two donors consisted approximately 28% of the total contributions for the year ended March 31, 2018 and contributions from one estate consisted approximately 17% of the total contributions for the year ended March 31, 2017.

NOTE I. EMPLOYEE RETIREMENT PLAN

The Foundation has a SIMPLE IRA Plan covering all salaried employees. Employees are eligible for a 3% match from the Foundation. The Foundation contributed \$7,665 and \$8,264 to the Plan for the years ended March 31, 2018 and 2017, respectively.

THE AMERICAN BREAST CANCER FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018 AND 2017

NOTE J. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values of assets measured on a recurring basis are as follows at March 31:

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
2018				
Stocks and ETFs	\$ 845,013	\$ 845,013	\$ -	\$ -
Equity trusts	20,338	20,338	-	-
Open end mutual funds	776,626	776,626	-	-
Closed end mutual funds	156,140	156,140	-	-
Total assets at fair value	<u>\$ 1,798,117</u>	<u>\$ 1,798,117</u>	<u>\$ -</u>	<u>\$ -</u>
2017				
Stocks and ETFs	\$ 881,851	\$ 881,851	\$ -	\$ -
Equity trusts	17,849	17,849	-	-
Open end mutual funds	687,470	687,470	-	-
Closed end mutual funds	193,415	193,415	-	-
Total assets at fair value	<u>\$ 1,780,585</u>	<u>\$ 1,780,585</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE K. SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions subsequent to March 31, 2018 through December 10, 2018, the date these financial statements were available to be issued. As required by the Subsequent Events Topic of the FASB Accounting Standards Codification, the Foundation is not aware of any subsequent events which would require recognition or disclosure in the financial statements.