

UNITED BREAST CANCER FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021

**(WITH SUMMARIZED COMPARATIVE
TOTALS FOR DECEMBER 31, 2020)**

UNITED BREAST CANCER FOUNDATION, INC.

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
United Breast Cancer Foundation, Inc.
Huntington, New York

Opinion

We have audited the accompanying financial statements of United Breast Cancer Foundation, Inc., which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Breast Cancer Foundation, Inc. as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 United Breast Cancer Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

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 United Breast Cancer Foundation, Inc.'s ability to continue as a going concern within 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 generally accepted auditing standards 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.

In performing an audit in accordance with generally accepted auditing standards, 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 United Breast Cancer Foundation, Inc.'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 United Breast Cancer Foundation, Inc.'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.

Report on Summarized Comparative Information

The summarized comparative information presented herein has been derived from the financial statements of United Breast Cancer Foundation, Inc. as of and for the year ended December 31, 2020. These statements were audited by other auditors whose report dated November 2, 2021, expressed an unmodified opinion on those financial statements.

Emphasis of Matter

As discussed in Note 13 to the financial statements, United Breast Cancer Foundation, Inc. has restated amounts not recognized in the prior year for cash and cash equivalents and for undistributed gifts in-kind. As a result, United Breast Cancer Foundation, Inc. has restated its financial statements at December 31, 2020. Our opinion is not modified with respect to that matter.

Grassi & Co., CPAs, P.C.

GRASSI & CO., CPAs, P.C.

New York, New York
November 7, 2022

UNITED BREAST CANCER FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS AT DECEMBER 31, 2020)

	<u>2021</u>	(Restated) <u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 5,912,294	\$ 1,972,783
Contributions receivable	320,538	335,514
Undistributed gifts in-kind	4,282,102	4,026,883
Prepaid expenses	50,562	4,500
Other current assets	157,709	59,895
Total Current Assets	10,723,205	6,399,575
Property and equipment, net	535,035	553,636
TOTAL ASSETS	\$ 11,258,240	\$ 6,953,211
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 1,101,154	\$ 138,131
Deferred revenue	-	24,000
Mortgage payable, current portion	18,218	16,518
Economic Injury Disaster loan payable, current portion	807	-
Total Current Liabilities	1,120,179	178,649
Mortgage payable, net of current portion	308,665	323,154
Paycheck Protection Program loan payable	139,330	107,836
Economic Injury Disaster loan payable	149,093	149,900
Total Liabilities	1,717,267	759,539
CONTINGENCIES		
NET ASSETS:		
Without donor restrictions	9,540,973	6,193,672
Total Net Assets	9,540,973	6,193,672
TOTAL LIABILITIES AND NET ASSETS	\$ 11,258,240	\$ 6,953,211

The accompanying notes are an integral part of these financial statements.

UNITED BREAST CANCER FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	2021	(Restated) 2020
REVENUES AND OTHER SUPPORT:		
Contributions	\$ 7,280,210	\$ 1,705,426
Car donations, net of fundraiser fees of \$9,169,466 and \$7,636,506, respectively	5,567,361	4,015,530
Education and awareness advertising	2,451,463	739,669
Gifts in-kind contributions	19,863,449	9,147,930
Other income	180,391	286,184
	<u>35,342,874</u>	<u>15,894,739</u>
 EXPENSES:		
Program services	27,993,759	15,036,911
Supporting services:		
Management and general	768,239	689,108
Fundraising	3,233,575	2,090,610
	<u>31,995,573</u>	<u>17,816,629</u>
 CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	 3,347,301	 (1,921,890)
 NET ASSETS, BEGINNING OF YEAR	 <u>6,193,672</u>	 <u>8,115,562</u>
 NET ASSETS, END OF YEAR	 <u><u>\$ 9,540,973</u></u>	 <u><u>\$ 6,193,672</u></u>

The accompanying notes are an integral part of these financial statements.

UNITED BREAST CANCER FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	2021					(Restated) 2020 Totals
	Program Services	Supporting Services			Totals	
	Management and General	Fundraising	Total Supporting Services			
EXPENSES:						
Salaries	\$ 395,026	\$ 243,367	\$ 225,033	\$ 468,400	\$ 863,426	\$ 731,245
Payroll taxes and employee benefits	125,758	99,965	74,268	174,233	299,991	107,724
Total salaries and related expenses	<u>520,784</u>	<u>343,332</u>	<u>299,301</u>	<u>642,633</u>	<u>1,163,417</u>	<u>838,969</u>
Community service programs	19,942,617	-	-	-	19,942,617	13,092,157
Education and awareness campaigns	5,977,013	-	22,526	22,526	5,999,539	1,106,920
COVID Emergency Assistance Program	331,504	-	-	-	331,504	233,899
Temporary help	5,988	4,579	-	4,579	10,567	9,581
Individual and organizational grants	250,932	-	-	-	250,932	38,147
Breast screening services	62,407	-	-	-	62,407	6,080
Breast reconstructions	15,815	-	-	-	15,815	-
Child sponsorships	45,470	-	-	-	45,470	5,386
College scholarships	11,229	-	-	-	11,229	-
Holistic care	53,797	-	-	-	53,797	4,290
Professional fees	8,526	210,547	26,162	236,709	245,235	212,042
Fundraising fees	-	-	1,928,050	1,928,050	1,928,050	357,410
Advertising expenses	736,530	-	736,530	736,530	1,473,060	1,638,045
Utilities expense	-	8,218	-	8,218	8,218	12,291
Interest expense	-	16,188	-	16,188	16,188	22,388
Travel expense	16,597	8,286	171	8,457	25,054	29,228
Meetings and conferences	-	9,325	-	9,325	9,325	7,024
Telephone expense	-	17,448	-	17,448	17,448	15,839
Office supplies and other expenses	4,465	40,776	217,568	258,344	262,809	59,990
Repairs and maintenance	-	5,021	-	5,021	5,021	3,345
Dues, fees, and subscriptions	-	33,787	1,126	34,913	34,913	23,037
Computer and internet expenses	-	9,400	438	9,838	9,838	9,707
Bank and credit card charges	-	9,896	1,703	11,599	11,599	20,713
Insurance expense	-	40,022	-	40,022	40,022	22,648
Depreciation expense	10,085	11,295	-	11,295	21,380	19,673
Loss on damaged gifts in-kind	-	-	-	-	-	25,826
Bad debt expense	-	119	-	119	119	1,994
TOTAL EXPENSES	<u>\$ 27,993,759</u>	<u>\$ 768,239</u>	<u>\$ 3,233,575</u>	<u>\$ 4,001,814</u>	<u>\$ 31,995,573</u>	<u>\$ 17,816,629</u>
% of Total Expenses	87.49%	2.40%	10.11%		100.00%	

The accompanying notes are an integral part of these financial statements.

UNITED BREAST CANCER FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	<u>2021</u>	(Restated) <u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,347,301	\$ (1,921,890)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Forgiveness of debt	(107,836)	-
Gift in-kind contributions	(19,863,449)	(9,147,930)
Gift in-kind distributions	19,608,230	12,941,028
Depreciation	21,380	19,673
Interest - debt issuance costs	612	612
Bad debt expense	119	1,994
Loss on damaged gifts in-kind	-	25,826
(Increase) decrease in assets:		
Contributions receivable	14,857	(216,782)
Prepaid expenses	(46,062)	1,148
Other current assets	(97,814)	(59,895)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	963,023	(1,454)
Deferred revenue	(24,000)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,816,361</u>	<u>1,642,330</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>(2,779)</u>	<u>(3,305)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,779)</u>	<u>(3,305)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of mortgage payable	(13,401)	(16,450)
Proceeds from Paycheck Protection Program loan payable	139,330	107,836
Proceeds from Economic Disaster Injury loan payable	-	149,900
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>125,929</u>	<u>241,286</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,939,511	1,880,311
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,972,783</u>	<u>92,472</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,912,294</u>	<u>\$ 1,972,783</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 16,188</u>	<u>\$ 22,388</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING TRANSACTIONS:		
Forgiveness of debt	<u>\$ 107,836</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

UNITED BREAST CANCER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 1 - Nature of Operations

United Breast Cancer Foundation, Inc. (the "Organization") is a not-for-profit organization incorporated under the laws of the State of New York in 2000. The Organization's purpose is to make a positive difference in the lives of those affected by breast cancer. The Organization aids in providing screening, treatment, after-care, educational material, and patient and family assistance and information. The Organization provides grants to hospitals and community health centers to benefit patients and families coping with breast cancer. The Organization strives to alleviate the stress and strain that cancer can cause to patients and families and to foster health and well-being through both traditional and holistic treatments by never denying anyone service regardless of age, race, gender, or income. The Organization is funded primarily by contributions.

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization 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)(1).

Note 2 - Summary of Significant Accounting Policies

Summarized Comparative Totals

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 accounting principles generally accepted in the United States of America ("U.S. GAAP"). Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. GAAP.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents include highly liquid investments with initial maturities when acquired of three months or less.

UNITED BREAST CANCER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Allowance for Doubtful Accounts

The Organization determines whether an allowance for doubtful accounts should be provided for contributions receivable. Such estimates are based on management's assessment of the aged basis of the receivables, current economic conditions and historical information. Contributions receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Interest is not charged on outstanding receivables. Bad debt expense is charged in order to adjust the allowance for doubtful accounts to the required balance determined by management based on their periodic review. At December 31, 2021, management has determined that no allowance for doubtful accounts was necessary.

Undistributed Gifts In-Kind

Undistributed gifts in-kind consists of various household items, personal care products, clothing and children items received as in-kind donations. These items represent inventory at year-end and are valued at the donor-provided retail value less an allowance for deterioration and damage at the dates of donation. Revenue is recognized when items are received.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Repairs and maintenance are charged to expense in the period incurred.

Estimated useful lives of the respective assets are as follows:

Computers and equipment	5 years
Furniture and fixtures	5 to 7 years
Auto	5 years
Building improvements	15 to 39 years
Buildings	39 years

Net Assets

Net assets without donor restrictions include funds having no restrictions as to use or purpose imposed by donors. Net assets with donor restrictions are those whose use has been restricted by donors to a specific time period or purpose.

UNITED BREAST CANCER FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2021

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Contributions

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts - with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restrictions</i>	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met
<i>Unconditional gifts, with or without restrictions</i>	
Received at date of gift - cash and other assets	Fair value
Received at date of gift - property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level yield method.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

In-Kind Contributions

Contributions of donated non-cash assets are recorded at their fair values on the day of receipt. Contributions of services are recognized if the services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations.

UNITED BREAST CANCER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Functional Allocation of Expenses

The costs of providing the Organization's program and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. Salaries and related benefits are allocated based on a time-and-effort basis. Utilities, telephone and rent expense are allocated based upon the respective use of the items.

Debt Issuance Costs

Debt issuance costs were incurred in connection with the issuance of the Organization's mortgage loan payable. These costs are amortized using the effective interest method over the term of the related indebtedness and are included in interest expense in the accompanying financial statements. The Organization reports the deferred financing costs as a direct deduction from the carrying amount of the corresponding debt liability.

Interest expense related to capitalized loan and closing costs amounted to \$612 for the year ended December 31, 2021.

Advertising Costs

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred.

Accounting for Uncertainty in Income Taxes

The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax period in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2018.

Reclassifications

Certain amounts relating to the prior year have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the change in net assets previously reported.

UNITED BREAST CANCER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 2 - Summary of Significant Accounting Policies (cont'd.)

New Accounting Pronouncements

ASU No. 2020-07

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU increases transparency and provides financial clarity with the reporting of noncash contributions, known as gifts-in-kind. The guidance in this ASU provides for new presentation and disclosure requirements regarding contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. It requires not-for-profit entities to present contributed nonfinancial assets separately in the statement of activities apart from contributions of cash or other financial assets.

The amendments of ASU No. 2020-07 are effective for annual reporting periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early application is permitted for all entities.

ASU No. 2016-02

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This ASU is the result of a joint project of the FASB and the International Accounting Standards Board ("IASB") to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements for U.S. GAAP and International Financial Reporting Standards ("IFRS"). The guidance in this ASU affects any entity that enters into a lease (as that term is defined in this ASU), with some specified scope exemptions. The guidance in this ASU will supersede FASB Accounting Standards Codification ("ASC") Topic 840, *Leases*.

The ASU provides that lessees should recognize lease assets and lease liabilities on the balance sheet for leases previously classified as operating leases that exceed 12 months, including leases existing prior to the effective date of this ASU. It also calls for enhanced leasing arrangement disclosures.

For nonpublic entities, the amendments of ASU No. 2016-02 are effective for annual reporting periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022, based on the decision in ASU No. 2020-05 to defer the implementation dates. Early application is permitted for all entities.

The Organization has not yet determined if these ASUs will have a material effect on its financial statements.

Note 3 - Concentration of Credit Risk

The Organization maintains cash balances in several financial institutions. Such balances are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per institution. At December 31, 2021 and from time to time during the year then ended, the Organization's balances exceeded these limits.

At December 31, 2021, approximately 79% of the Organization's contributions receivable relates to contributions of car donations through a third-party professional fundraiser.

UNITED BREAST CANCER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 4 - Property and Equipment

Property and equipment, net, consist of the following at December 31, 2021:

Land	\$ 148,348
Buildings	434,093
Building improvements	119,695
Computers and equipment	33,493
Furniture and fixtures	11,886
Auto	3,619
Other	19,900
	771,034
Less: Accumulated depreciation	235,999
	\$ 535,035

Depreciation expense related to property and equipment amounted to \$21,380 for the year ended December 31, 2021.

Note 5 - Mortgage Payable

On May 28, 2008, the Organization obtained a mortgage from a financial institution for the acquisition of the land and building located at 205 Depot Road, Huntington, New York. On July 6, 2015, the mortgage was refinanced for \$435,000. Interest on the principal indebtedness was at a fixed rate of 4.89% per annum and may be adjusted at the five-year anniversary date of the mortgage note and each subsequent five-year anniversary date. The interest rate was adjusted to 3.89% in February 2021. Monthly principal payments are required based on a 20-year amortization schedule. The final maturity date of the mortgage is on July 6, 2035. The mortgage is secured by the land and building owned by the Organization.

The outstanding balance of the mortgage payable at December 31, 2021 was \$335,232. Debt issuance costs of \$8,349 at December 31, 2021 are netted against the mortgage payable on the accompanying statement of financial position.

At December 31, 2021, aggregate future payments of the mortgage payable are as follows:

<u>Years Ending December 31:</u>	
2022	\$ 18,836
2023	19,581
2024	20,357
2025	21,163
2026	22,001
Thereafter	233,294
	335,232
Less: Unamortized debt issuance costs	8,349
	\$ 326,883

UNITED BREAST CANCER FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2021

Note 6 - Paycheck Protection Program Loan Payable

In May 2020, the Organization entered into a \$107,836 agreement with a financial institution under the Paycheck Protection Program (“PPP”), established by the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act, administered by the Small Business Administration (“SBA”) with support from the Department of the Treasury. In May 2021, the Organization applied for and was granted forgiveness of the full amount. As a result, the loan forgiveness is reported in contributions on the statement of activities for the year ended December 31, 2021.

In March 2021, the Organization entered into a \$139,330 agreement with a financial institution under the PPP, established by the CARES Act, administered by the SBA with support from the Department of the Treasury. Under the terms of the CARES Act and the PPP, the Organization can apply for and be granted forgiveness for all or a portion of the proceeds issued to the extent they are used in accordance with the PPP. At this time, the Organization believes that its use of the proceeds will meet the conditions for forgiveness under the PPP and expects the funds to be recorded as income when it is probable that forgiveness conditions have been met.

Note 7 - Economic Injury Disaster Loan Payable

Effective September 10, 2020, the Organization entered into a \$149,900 loan agreement (the “EIDL Loan”) with the SBA under the Economic Injury Disaster Loan (“EIDL”) program, which is a program created through the CARES Act. After deferral of payments for the first 24 months, monthly payments will be \$612, including interest at 2.75%, until maturity in thirty years.

At December 31, 2021, aggregate future payments of the EIDL Loan are as follows:

<u>Years Ending December 31</u>	
2022	\$ 807
2023	3,285
2024	3,376
2025	3,470
2026	3,567
Thereafter	<u>135,395</u>
	<u>\$ 149,900</u>

Note 8 - In-Kind Contributions

The Organization received donated education and awareness advertising services, with an estimated fair market value of \$2,451,463 for the year ended December 31, 2021, that created or enhanced non-financial assets and will allow the Organization to fulfill its mission. These donated services, which have been recognized as revenue and expenses in the accompanying financial statements, require professional skills and would typically need to be purchased if not provided by donation.

UNITED BREAST CANCER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 8 - In-Kind Contributions (cont'd.)

The Organization receives donations of household items, personal care products, clothing and children items from several major retailers with a fair market value of \$19,863,449 for the year ended December 31, 2021. The values of these donations are recorded at the retail values provided by the retailers, less estimated allowances for deterioration and damage of up to 10%. The donations were recorded as in-kind contributions and expensed in the accompanying financial statements.

The Organization receives contributions relating to car donations through a third-party professional fundraiser. The Organization records car donations upon liquidation of the donated vehicles by the fundraiser. For the year ended December 31 2021, contributions relating to car donations amounted to \$14,736,827, which are presented net of fundraiser fees of \$9,169,466 in the accompanying financial statements.

In accordance with U.S. GAAP, the Organization only records the value of in-kind contributions for which it receives and exercises variances power, which is the discretion to redistribute the commodity without the donor's prior consent in accordance with its mission and purpose.

Note 9 - Allocation of Joint Costs

The Organization incurred joint costs of \$6,516,047 relating to informational materials, website, and campaigns that included fundraising appeals for the year ended December 31, 2021. For the year ended December 31, 2021, \$3,946,987 was allocated to program service expenses and \$2,569,060 was allocated to fundraising expenses.

Note 10 - Retirement Plan

The Organization sponsors a defined contribution retirement plan covering all eligible employees. An employee who has attained age twenty-one and has completed one year of service is eligible to participate in the plan and have salary-reduction contributions made on the employee's behalf. The plan allows for employer discretionary contributions, which amounted to \$159,226 for the year ended December 31, 2021.

Note 11 - Contingencies

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may impact the recognition contributions, car donations and in-kind contributions. Other financial impact could occur, though such potential impact is unknown at this time.

The Organization is involved in certain legal proceedings and litigation arising in the ordinary course of business. The Organization intends to vigorously dispute liability for claims. It is too early to determine whether the outcome of such proceedings and litigation will have a material adverse effect on the Organization's financial statements.

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Note 12 - Available Resources and Liquidity

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the use of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and contributions receivable.

The following reflects the Organization's financial assets available for general use within one year at December 31, 2021:

Cash and cash equivalents	\$ 5,912,294
Contributions receivable	<u>320,538</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,232,832</u>

Note 13 - Restatement

The Organization's net assets at December 31, 2020 have been restated to reflect the adjustments to recognize the proper value of amounts in cash and cash equivalents and undistributed gifts in-kind at December 31, 2020. The nature of the restatement was the result of a correction of errors related to amounts not recognized in the prior year for cash and cash equivalents and for undistributed gifts in-kind.

The impact of the restatement on cash and cash equivalents, undistributed gifts in-kind, and net assets at December 31, 2020 was as follows:

	Balances as previously stated at December 31, 2020	Adjustments	Balances as restated at December 31, 2020
Cash and cash equivalents	<u>\$ 1,928,337</u>	<u>\$ 44,446</u>	<u>\$ 1,972,783</u>
Undistributed gifts in-kind	<u>\$ 3,441,109</u>	<u>\$ 585,774</u>	<u>\$ 4,026,883</u>
Net assets	<u>\$ 5,563,452</u>	<u>\$ 630,220</u>	<u>\$ 6,193,672</u>

Note 14 - Subsequent Events

The Organization has evaluated all events or transactions that occurred after December 31, 2021 through November 7, 2022, which is the date that the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure.