

CONSOLIDATED FINANCIAL STATEMENTS

The Susan G. Komen Breast Cancer Foundation, Inc.
dba Susan G. Komen and Affiliates
Year Ended March 31, 2021
With Report of Independent Auditors

Ernst & Young LLP



The Susan G. Komen Breast Cancer Foundation, Inc.
dba Susan G. Komen and Affiliates

Consolidated Financial Statements

Year Ended March 31, 2021

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Ernst & Young LLP
One Victory Park
Suite 2000
2323 Victory Avenue
Dallas, TX 75219

Tel: +1 214 969 8000
Fax: +1 214 969 8587
ey.com

Report of Independent Auditors

The Board of Directors
The Susan G. Komen Breast Cancer Foundation, Inc.

We have audited the accompanying consolidated financial statements of The Susan G. Komen Breast Cancer Foundation, Inc. dba Susan G. Komen and Affiliates, which comprise the consolidated statement of financial position as of March 31, 2021, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of 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 consolidated financial position of The Susan G. Komen Breast Cancer Foundation, Inc. dba Susan G. Komen and Affiliates at March 31, 2021, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Ernst + Young LLP

September 27, 2021

The Susan G. Komen Breast Cancer Foundation, Inc.
dba Susan G. Komen and Affiliates

Consolidated Statement of Financial Position

March 31, 2021

Assets

Cash, cash equivalents, and restricted cash (<i>Note 1</i>)	\$ 39,734,307
Investments (<i>Note 2</i>)	141,437,350
Receivables, net (<i>Note 3</i>)	17,988,049
Prepaid expenses and other assets	2,312,530
Property, equipment, and intangible assets, net (<i>Note 1</i>)	2,249,769
Total assets	<u>\$ 203,722,005</u>

Liabilities and net assets

Accounts payable, accrued expenses, and other payables	\$ 9,785,196
Deferred revenue and rent	660,934
CARES Act liability (<i>Note 4</i>)	5,415,789
Grants payable, net (<i>Note 5</i>)	41,903,171
Total liabilities	<u>57,765,090</u>

Net assets:

Without donor restrictions – undesignated	97,700,535
Without donor restrictions – board designated	1,000,000
Total without donor restrictions	<u>98,700,535</u>
With donor restrictions (<i>Note 6</i>)	47,256,380
Total net assets	<u>145,956,915</u>
Total liabilities and net assets	<u>\$ 203,722,005</u>

See accompanying notes.

The Susan G. Komen Breast Cancer Foundation, Inc.
dba Susan G. Komen and Affiliates

Consolidated Statement of Activities

Year Ended March 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:			
Restricted investment funds, sponsorships, and race entry fees	\$ 61,471,306	\$ 15,721,438	\$ 77,192,744
Contributed goods and services <i>(Note 1)</i>	49,382,192	365,113	49,747,305
Less direct benefits to donors and sponsors	(2,053,625)	–	(2,053,625)
	<u>108,799,873</u>	<u>16,086,551</u>	<u>124,886,424</u>
Interest and dividends	1,313,529	–	1,313,529
Net realized gains on investments	6,322,035	–	6,322,035
Change in net unrealized gains on investments	20,304,093	–	20,304,093
CARES Act income <i>(Note 1)</i>	2,533,602	–	2,533,602
Other	186,300	–	186,300
Net assets released from restrictions: <i>(Note 6)</i>			
Expiration of time restrictions	19,687,175	(19,687,175)	–
Satisfaction of program restrictions	15,179,125	(15,179,125)	–
Total net public support and revenue	<u>174,325,732</u>	<u>(18,779,749)</u>	<u>155,545,983</u>
Expenses:			
Program services:			
Education and patient services	84,193,870	–	84,193,870
Research	17,341,573	–	17,341,573
Health screening services	5,593,895	–	5,593,895
Treatment services	4,237,315	–	4,237,315
Total program services	<u>111,366,653</u>	<u>–</u>	<u>111,366,653</u>
Supporting services:			
Fundraising costs	18,623,264	–	18,623,264
General and administrative	32,402,442	–	32,402,442
Total supporting services	<u>51,025,706</u>	<u>–</u>	<u>51,025,706</u>
Total expenses	<u>162,392,359</u>	<u>–</u>	<u>162,392,359</u>
Change in net assets	11,933,373	(18,779,749)	(6,846,376)
Net assets at beginning of year	86,767,162	66,036,129	152,803,291
Net assets at end of year	<u>\$ 98,700,535</u>	<u>\$ 47,256,380</u>	<u>\$ 145,956,915</u>

See accompanying notes.

The Susan G. Komen Breast Cancer Foundation, Inc.
dba Susan G. Komen and Affiliates

Consolidated Statement of Cash Flows

Year Ended March 31, 2021

Operating activities

Change in net assets	\$ (6,846,376)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	609,470
Change in net unrealized gains on investments	(20,304,093)
Gain on extinguishment of CARES Act liability	(2,533,602)
Changes in operating assets and liabilities:	
Decrease in receivables, net	7,637,514
Decrease in prepaid expenses and other assets	320,324
Increase in accounts payable, accrued expenses, and other payables	1,748,164
Decrease in deferred revenue and rent	(276,334)
Decrease in grants payable, net	(3,888,753)
Net cash used in operating activities	<u>(23,533,686)</u>

Investing activities

Purchases of property and equipment	(1,865,830)
Purchases of investments	(36,195,457)
Sales and maturities of investments	30,923,535
Net cash used in investing activities	<u>(7,137,752)</u>

Financing activities

Proceeds from CARES Act PPP loans (<i>Note 4</i>)	7,949,391
Net cash provided by financing activities	<u>7,949,391</u>

Net decrease in cash, cash equivalents, and restricted cash	(22,722,047)
Cash, cash equivalents, and restricted cash at beginning of year	62,456,354
Cash, cash equivalents, and restricted cash at end of year	<u><u>\$ 39,734,307</u></u>

See accompanying notes.

The Susan G. Komen Breast Cancer Foundation, Inc.
dba Susan G. Komen and Affiliates

Consolidated Statement of Functional Expenses

Year Ended March 31, 2021

	Program Services				Fundraising Costs			Total
	Education and Patient Services	Research	Health Screening Services	Treatment Services	Race-Walk Events and 3-Day	Other Fundraising	General and Administrative	
Marketing and communications (primarily contributed services)	\$ 38,106,264	\$ 184,435	\$ 86,971	\$ 107,984	\$ 1,966,431	\$ 1,236,606	\$ 10,624,733	\$ 52,313,424
Salaries and benefits	22,523,274	2,642,481	466,020	981,621	642,361	4,856,575	14,805,236	46,917,568
Supplies	114,151	1,073	161	881	10,937	43,706	51,439	222,348
Postage and shipping	3,278,464	2,885	1,379	4,427	135,384	2,170,632	80,175	5,673,346
Occupancy	2,533,180	-	8,476	235,630	133,511	291,184	1,252,043	4,454,024
Equipment rental and maintenance	1,318,961	75,508	93,852	234,586	79,386	427,471	1,065,772	3,295,536
Conferences, conventions, and meetings	168,772	509	28	143	710	2,491	19,312	191,965
Printing and publications	4,674,602	3,844	320	1,061	91,669	3,057,929	18,486	7,847,911
Grants and direct services	3,188,989	13,993,156	4,805,352	2,388,228	-	-	-	24,375,725
Professional fees	5,716,362	250,562	107,522	223,290	769,772	1,131,919	2,780,048	10,979,475
Travel	47,981	734	50	1,665	3,988	15,922	35,193	105,533
Event production	853,025	23,530	-	-	129,461	67,805	39,438	1,113,259
Service fees and taxes	120,664	30,855	5,678	7,382	587,003	167,183	359,761	1,278,526
Telephone and internet fees	254,098	151	1,895	1,562	6,990	36,282	100,096	401,074
Depreciation and amortization	221,320	8,096	16,191	48,573	9,633	81,028	224,629	609,470
Miscellaneous	1,073,763	123,754	-	282	-	469,295	946,081	2,613,175
Total expenses before direct benefits to donors and sponsors	84,193,870	17,341,573	5,593,895	4,237,315	4,567,236	14,056,028	32,402,442	162,392,359
Direct benefits to donors and sponsors	-	-	-	-	1,783,328	216,865	53,432	2,053,625
Total expenses	<u>\$ 84,193,870</u>	<u>\$ 17,341,573</u>	<u>\$ 5,593,895</u>	<u>\$ 4,237,315</u>	<u>\$ 6,350,564</u>	<u>\$ 14,272,893</u>	<u>\$ 32,455,874</u>	<u>\$ 164,445,984</u>

See accompanying notes.

The Susan G. Komen Breast Cancer Foundation, Inc.
dba Susan G. Komen and Affiliates

Notes to Consolidated Financial Statements

March 31, 2021

1. General Information and Summary of Significant Accounting Policies

General Information

The Susan G. Komen Breast Cancer Foundation, Inc. doing business as Susan G. Komen and Affiliates (the Organization), a Texas not-for-profit corporation, was incorporated in July 1982. The primary mission of the Organization is to eradicate breast cancer as a life-threatening disease by advancing research, education, screening, and treatment. Research advancement is achieved through relationships with medical and cancer centers throughout the United States, as well as internationally. Treatment and screening programs, primarily funded through the Organization's Affiliates, produce affordable treatment and screening for the medically underserved and other target populations. The Organization's reach has expanded tremendously since its inception, due in large part to the Komen Race for the Cure[®] Series (the RFTC Series), the More than Pink Walk Series (the MTP Walk Series), and other fundraising programs and events, as well as the Organization's many donors, corporate partners, and educational initiatives and materials. As a result of this heightened awareness of breast cancer, millions have received the life-saving message of early detection.

The accompanying consolidated financial statements of the Organization include the activity of the Organization's international headquarters and 61 Affiliates in 2021. All significant intercompany accounts have been eliminated in the accompanying consolidated financial statements.

The RFTC Series and MTP Walk Series, a series of 5K and one-mile walk/runs, were held virtually due to the COVID-19 pandemic across the United States during 2021 and are a significant source of the Organization's revenues. The Breast Cancer 3-Day Series (The 3-Day Series), a series of 60-mile walks over a three-day period, was postponed during 2021 and will be held in fiscal year 2022.

Up to approximately 75% of the net proceeds generated by the Affiliates are used to fund breast cancer education, treatment, and screening projects within local communities. The remaining 25% is used to fund breast cancer research and project grants on a national level.

The Susan G. Komen Breast Cancer Foundation, Inc.
dba Susan G. Komen and Affiliates

Notes to Consolidated Financial Statements (continued)

1. General Information and Summary of Significant Accounting Policies (continued)

The following Affiliates are included in the accompanying consolidated financial statements:

Arkansas	Greater Detroit	Maryland	Peoria Memorial
Austin	Greater Evansville	Memphis Mid-South	Philadelphia*
Baton Rouge	Greater Kansas City	Miami – Ft. Lauderdale	Pittsburgh
Boise	Greater Nashville	Milwaukee	Puget Sound
Central & South Jersey	Greater New York City	Minnesota	Sacramento Valley
Charlotte	Greater Richmond	NC Triangle	San Antonio
Chicagoland Area	Greater Roanoke	Nebraska	San Diego
Coastal Georgia	Hawaii	New Orleans	San Francisco Bay Area
Columbus	Houston	North Central Alabama	South Florida
Connecticut	Indianapolis	North Jersey	St. Louis
Dallas County	Inland Empire	North Texas	Tarrant County
Denver Metropolitan	Knoxville	Northeast Ohio	Tulsa
Des Moines	Las Vegas	Northwest Ohio	Western New York
Grand Rapids	Los Angeles County	Orange County	
Greater Atlanta	Louisville	Oregon & SW Washington	
Greater Cincinnati	Lowcountry (Charleston)	Ozark	

* Affiliation with the Philadelphia Affiliate was terminated October 21, 2020. The accompanying consolidated financial statements include the results of operations through the effective date of termination.

International Affiliates of the Organization operate in Italy and Puerto Rico under two separate international Affiliate agreements. The financial statements of the two international Affiliates are not included in the accompanying consolidated financial statements since the Organization does not currently exercise economic or board-controlling interests over either of these Affiliates.

The Susan G. Komen Breast Cancer Foundation, Inc.
dba Susan G. Komen and Affiliates

Notes to Consolidated Financial Statements (continued)

1. General Information and Summary of Significant Accounting Policies (continued)

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States (U.S. GAAP) for not-for-profit organizations. Under these provisions, net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Expenses are classified as without donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- *Net assets without donor restrictions, undesignated* – Net assets that are not subject to donor-imposed stipulations.
- *Net assets without donor restrictions, board-designated* – Board-designated net assets without donor restrictions are those designated by the Board of Directors as restricted for mission expenditures.
- *Net assets with donor restrictions, program or time* – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time. When a restriction is satisfied or expires, restricted net assets are reclassified to net assets without donor restrictions and reported on the consolidated statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year as contributions are received are reported as revenues without donor restrictions.
- *Net assets with donor restrictions, perpetual in nature* – Net assets subject to donor-imposed stipulations for which the corpus is maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

The Organization prepares consolidated statements of financial position, activities, cash flows, and functional expenses as the required financial statements for not-for-profit organizations.

The Susan G. Komen Breast Cancer Foundation, Inc.
dba Susan G. Komen and Affiliates

Notes to Consolidated Financial Statements (continued)

1. General Information and Summary of Significant Accounting Policies (continued)

The Organization reports gifts of property and equipment as undesignated support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as donor restricted revenue. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed Goods and Services

Total contributed goods and services for the year ended March 31, 2021, were approximately \$49,747,000 and primarily relate to local television, radio, and newspaper advertising for the MTP Walk Series and the RFTC Series events. Contributed materials and equipment are reported as contributions in the accompanying consolidated financial statements at their estimated fair values at date of receipt. Contributed services are reported in the accompanying consolidated financial statements at the fair value of the services received. The contribution of services is recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills that would typically need to be purchased if not provided by donation.

In addition, the Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization's programs, fundraising campaigns, and management. No amounts have been reflected for these types of donated services as they do not meet the criteria outlined above.

The Susan G. Komen Breast Cancer Foundation, Inc.
dba Susan G. Komen and Affiliates

Notes to Consolidated Financial Statements (continued)

1. General Information and Summary of Significant Accounting Policies (continued)

Contributed goods and services for the year ended March 31, 2021, are detailed in the table below:

	Amounts per Consolidated Financial Statements	Value of In-Kind Contributed Goods and Services	Net Without In-Kind
Public support and revenue	\$ 157,599,608	\$ 49,747,305	\$ 107,852,303
Less:			
Event direct costs	(2,053,625)	(628,472)	(1,425,153)
Net public support and revenue	155,545,983	49,118,833	106,427,150
Expenses:			
Program services	111,366,653	36,699,791	74,666,862
Supporting services	51,025,706	14,174,599	36,851,107
Total expenses	162,392,359	50,874,390	111,517,969
Change in net assets	\$ (6,846,376)	\$ (1,755,557)	\$ (5,090,819)
 Program services as a percentage of total expense	 <u>69%</u>	 <u>72%</u>	 <u>67%</u>

Contributions

Contributions, including unconditional promises to give, are recorded when received or pledged. All contributions are available for undesignated use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Susan G. Komen Breast Cancer Foundation, Inc.
dba Susan G. Komen and Affiliates

Notes to Consolidated Financial Statements (continued)

1. General Information and Summary of Significant Accounting Policies (continued)

Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents consist of cash on hand and all highly liquid investments with a remaining maturity of three months or less when purchased. Restricted cash represents amounts required to be utilized for specific programs and will be released upon program completion.

Cash and cash equivalents	\$ 27,297,868
Restricted cash	<u>12,436,439</u>
Total cash, cash equivalents, and restricted cash shown on the statement of cash flows	<u>\$ 39,734,307</u>

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value.

Investment income includes dividends and interest and is recognized as revenue in the period in which it is earned. The amounts are reported as an increase in undesignated net assets without donor restrictions unless otherwise restricted by the donor. Realized and unrealized gains and losses on investments are classified and recorded as increases or decreases in undesignated net assets without donor restrictions, unless otherwise restricted by the donor.

Property, Equipment, and Intangible Assets

Purchased property, equipment, and intangible assets are carried at cost. Donated property, equipment, and intangible assets are recorded at market value at the date of donation. The Organization capitalizes all expenditures for property, equipment, and intangible assets in excess of approximately \$10,000, which includes computers, software, office equipment, furniture, fixtures, leasehold improvements, and intangible assets. Costs to develop internal-use software are capitalized during the application development phase in accordance with Accounting Standards Codification (ASC) 350-40, *Intangibles – Goodwill and Other – Internal-Use Software*.

The Susan G. Komen Breast Cancer Foundation, Inc.
dba Susan G. Komen and Affiliates

Notes to Consolidated Financial Statements (continued)

1. General Information and Summary of Significant Accounting Policies (continued)

Property, equipment, and intangible assets are depreciated on a straight-line basis over the following periods:

Furniture and fixtures	5–7 years
Equipment	3–5 years
Software	3–5 years
Leasehold improvements	Estimated life of the asset or the lease term (whichever is shorter)
Identifiable intangible assets	3–5 years

Property, equipment, and intangible assets and the related accumulated depreciation and amortization are as follows:

Software	\$ 3,755,008
Identifiable intangible assets	2,839,583
Equipment	1,891,065
Fixed assets in process	1,076,005
Furniture and fixtures	149,823
Leasehold improvements	83,890
Total property, equipment, and intangible assets	<u>9,795,374</u>
Accumulated depreciation and amortization	<u>(7,545,605)</u>
Net property, equipment, and intangible assets	<u><u>\$ 2,249,769</u></u>

As of March 31, 2021, accumulated amortization of intangible assets totaled approximately \$2,781,000.

As of March 31, 2021, the aggregate depreciation and amortization expense for the next five fiscal years is approximately \$2,250,000.

The Susan G. Komen Breast Cancer Foundation, Inc.
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Notes to Consolidated Financial Statements (continued)

1. General Information and Summary of Significant Accounting Policies (continued)

Market and Credit Risk Concentrations

The Organization's investments do not have a significant concentration of credit or market risk within any industry, specific institution, or group of investments. The Organization splits funds between multiple accounts to manage risk.

The Organization was the beneficiary of a grant of equity securities in a privately held fund. This grant was valued by a third-party valuation firm at the date of award. As the Organization is a minority nonvoting shareholder, there is some market risk associated with this investment.

Deferred Revenue

Resources received in exchange transactions are recognized as deferred revenue to the extent that the earnings process has not been completed. These amounts primarily consist of entry fees for the RFTC Series and MTP Walk Series events. These resources are recorded as undesignated revenues when the related obligations have been satisfied.

Debt

It is the Organization's policy to account for loans in accordance with ASC 470, *Debt*, with interest accrued and expensed over the term of the loans.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and other activities have been summarized on a functional basis. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. Expenses that benefit multiple functional areas require allocation on a reasonable basis that consistently includes expenses for information technology, facilities, legal, marketing and communications, and office of the president and CEO departments. These departmental expenses were allocated based on time and cost studies of where efforts were made and square footage usage. Management and general expenses such as accounting or human resources are no longer able to be allocated to program expense.

The Susan G. Komen Breast Cancer Foundation, Inc.
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Notes to Consolidated Financial Statements (continued)

1. General Information and Summary of Significant Accounting Policies (continued)

Advertising Expenses

The Organization recorded advertising expenses of approximately \$52,313,000 for the year ended March 31, 2021, which are included in marketing and communications on the accompanying consolidated statement of functional expenses. The majority of advertising was contributed. Other purchased advertising cost primarily relates to The 3-Day Series, RFTC Series events, and MTP Walk Series events.

Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures, such as the allowance for doubtful accounts and accounts receivable related to trusts where the Organization is the beneficiary. Accordingly, actual results could differ from those estimates.

Subsequent Events

The Organization defines subsequent events as events or transactions that occur after the consolidated statement of financial position date, but before the consolidated financial statements are issued or available to be issued. Subsequent events are recognized in two categories: (1) recognized subsequent events, which provide additional evidence about conditions that existed at the consolidated statement of financial position date, and (2) non-recognized subsequent events, which provide evidence about conditions that did not exist as of the consolidated statement of financial position date but arose after that date. Recognized subsequent events are required to be disclosed. Management has evaluated subsequent events through September 27, 2021, which is the date the accompanying consolidated financial statements were available to be issued, and no events have occurred from the consolidated statement of financial position date that would affect the accompanying consolidated financial statements.

The Susan G. Komen Breast Cancer Foundation, Inc.
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Notes to Consolidated Financial Statements (continued)

1. General Information and Summary of Significant Accounting Policies (continued)

New and Pending Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, enacting ASC 606, *Revenue from Contracts with Customers*, to clarify the principles for recognizing revenue and to improve financial reporting by creating common revenue recognition guidance for U.S. GAAP and International Financial Reporting Standards. The core principle of the new guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is now effective for annual reporting periods beginning after December 31, 2020, including interim periods within that reporting period. The Organization has implemented the guidance in ASU 2014-09 and the impact did not result in material changes to its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, enacting ASC 842, *Leases*, which requires a lessee to recognize a right-of-use asset and a lease liability for both operating and finance leases, whereas previous U.S. GAAP required the asset and liability to be recognized only for capital leases. The amendment also requires qualitative and specific quantitative disclosures. ASU 2016-02 is effective for the Organization with fiscal years beginning after December 15, 2020, with early adoption permitted. The Organization is evaluating the guidance of ASU 2016-02 and does not believe that it will have a material impact on its consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to address presentation and disclosure of contributed nonfinancial assets. The amendments in this update require that a not-for-profit present contributed nonfinancial assets separately from contributions of cash and other financial assets on the statement of activities. The amendment also requires quantitative disclosure of the amount of contributed nonfinancial assets recognized within the statement of activities disaggregated by category that depicts the type of contributed nonfinancial assets and specific qualitative disclosures for each category of nonfinancial assets. The amendments in this update should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, with early adoption permitted. The Organization is evaluating the guidance of ASU 2020-07 and the impact that the adoption of this update will have on its accompanying consolidated financial statements.

The Susan G. Komen Breast Cancer Foundation, Inc.
dba Susan G. Komen and Affiliates

Notes to Consolidated Financial Statements (continued)

2. Fair Value Measurements

At March 31, 2021, the Organization's financial instruments included cash and cash equivalents, receivables, investments, accounts payable, Payroll Protection Program (PPP) loans, accrued expenses, and grants payable. The carrying amounts reported on the accompanying consolidated statement of financial position for these financial instruments approximate their fair values.

Investments are recorded and disclosed on a three-level hierarchy. The valuation hierarchy is based on the transparency of inputs to the valuation of an asset or a liability as of the measurement date. The three levels are defined as follows:

- Level 1 – Inputs to the valuation methodology are quoted prices for identical assets and liabilities in active markets.
- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. In an effort to deliver long-term returns that are competitive with equity investments, but with less volatility, the Organization utilizes a diversified portfolio of investments consisting primarily of equity and bond fund investments that have a balance of long- and short-term horizons.

The Susan G. Komen Breast Cancer Foundation, Inc.
dba Susan G. Komen and Affiliates

Notes to Consolidated Financial Statements (continued)

2. Fair Value Measurements (continued)

The Organization incurred investment expenses of approximately \$196,000 in the fiscal year ended March 31, 2021, which are netted against net realized gains on investments on the accompanying consolidated statement of activities. Investments at March 31, 2021, were composed of the following:

	<u>Fair Value</u>
Domestic equities	\$ 41,304,407
International equities	31,530,584
Fixed-income funds	29,324,905
Corporate bonds	127,454
Private equity fund	39,150,000
Total	<u><u>\$ 141,437,350</u></u>

The Organization uses a practical expedient for the fair value of investments that do not have a readily determinable fair value. The practical expedient used by the Organization for its alternative investments is the net asset value per share, or its equivalent. Valuations provided by the private equity fund management consider variables such as the financial performance of underlying equity positions, recent sales prices of underlying investments, and other pertinent information. As of March 31, 2021, the private equity fund was valued at \$39,150,000.

The Susan G. Komen Breast Cancer Foundation, Inc.
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Notes to Consolidated Financial Statements (continued)

2. Fair Value Measurements (continued)

	Balance March 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Domestic equities	\$ 41,304,407	\$ 41,304,407	\$ –
International equities	31,530,584	31,530,584	–
Fixed-income funds	29,324,905	29,324,905	–
Corporate bonds	127,454	–	127,454
	<u>\$102,287,350</u>	<u>\$ 102,159,896</u>	<u>\$ 127,454</u>
Investments reported using net asset value per share:			
Private equity fund ^(a)	39,150,000		
Fair value of investments	<u>\$ 141,437,350</u>		

^(a) The Organization may not request to redeem shares in this fund. Based upon the fund strategy, distributions will be made starting no later than calendar year 2019 and ending with a final distribution no later than calendar year 2023.

3. Receivables

Net receivables were approximately \$17,988,000 at March 31, 2021. Receivables that are expected to be collected within one year are recorded at net realizable value. Receivables that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount rates used range from 0.07% to 2.40% at March 31, 2021. The discount as of March 31, 2021, was approximately \$166,000. The allowance for doubtful accounts was approximately \$323,600 as of March 31, 2021. The Organization maintains an allowance for doubtful accounts for estimated credit losses resulting from collection risks, including the inability of donors to make required payments under contractual agreements. The allowance for doubtful accounts is reported as a reduction of accounts receivable on the consolidated statement of financial position. The adequacy of this allowance is determined by evaluating historical delinquency and write-off trends, specific known collection risks, historical payment trends, current economic conditions, and the impact of such conditions on the donors' liquidity and overall financial condition.

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Notes to Consolidated Financial Statements (continued)

3. Receivables (continued)

Receivables, net, as of March 31, 2021, are as follows:

2022	\$ 5,511,977
2023	5,388,968
2024	4,083,090
Thereafter	<u>3,170,000</u>
Total accounts receivable, net of allowances	18,154,035
Less unamortized discount	<u>165,986</u>
Accounts receivable, net	<u>\$ 17,988,049</u>

The RFTC Series and MTP Walk Series and other event receivables were approximately \$10,545,000 at March 31, 2021. These receivables primarily represent promises to give from national and local sponsors who committed support prior to March 31 each year.

Unconditional promises to give by donors net of allowances and discounts of approximately \$7,443,000 at March 31, 2021, are expected to be received by the Organization over periods ranging from one to three years, with the majority of the balances due within one year.

4. CARES Act Liability

During the months of April through June 2020, the Organization and its Affiliates entered into 47 unsecured promissory notes payable under the PPP established pursuant to the Coronavirus Aid Relief and Economic Security Act (the CARES Act) and administered by the U.S. Small Business Administration. The Organization received net funding totaling \$7,949,391 in order to obtain needed relief funds for allowable expenses under the CARES Act. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities, and maintains its payroll levels. During the fiscal year, 33 loans totaling \$2,533,602 were forgiven and recorded as CARES Act income on the consolidated statement of operations upon loan forgiveness. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. Subsequent to year-end, the Organization has received forgiveness on all remaining loans totaling \$5,415,789.

The Susan G. Komen Breast Cancer Foundation, Inc.
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Notes to Consolidated Financial Statements (continued)

5. Grants Payable

As of March 31, 2021, the Organization made grants to various medical and cancer centers for research, education and patient support, screening, and treatment. These agreements are subject to periodic reporting and compliance requirements and can be rescinded by the Organization for breach. Grants payable in more than one year are discounted to their present values as of March 31, 2021, at rates ranging from 0.07% to 2.68%. The grants payable at March 31, 2021, are scheduled for payment in the following fiscal years:

2022	\$ 24,275,095
2023	13,322,688
2024	3,733,745
2025	841,750
Total grants payable	<u>42,173,278</u>
Less unamortized discount	270,107
Grants payable, net	<u><u>\$ 41,903,171</u></u>

The Organization generally funds its obligations under these arrangements from cash flows from operations and available cash and cash equivalent and investment balances.

6. Net Assets

Net assets with donor restrictions as of March 31, 2021, are categorized as follows:

Education and patient support programs	\$ 24,305,023
Research programs	9,110,688
Screening and treatment programs	1,967,467
Time restrictions	11,548,202
Perpetual in nature	325,000
	<u><u>\$ 47,256,380</u></u>

Net assets with donor restrictions – perpetual in nature represent endowed gifts to be held in perpetuity, with the investment income to be used for breast cancer research fellowships, breast cancer educational programs, and research awards.

The Susan G. Komen Breast Cancer Foundation, Inc.
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Notes to Consolidated Financial Statements (continued)

7. Joint Costs

The accompanying consolidated statement of activities includes joint activities (activities benefiting multiple programs and/or supporting services) that include fundraising. The joint costs were primarily for the RFTC Series, MTP Walk Series, and The 3-Day Series; informational materials; a website that includes fundraising; and direct mail campaigns. The cost of conducting those joint activities was allocated as follows in the fiscal year ended March 31, 2021:

Research	\$ 1,261,812
Public health education, treatment, and screening	24,171,613
General and administrative	6,402,879
Fundraising	13,118,234
	<u>\$ 44,954,538</u>

8. Leases

During the fiscal year, it was decided that the Organization would move to a primarily virtual workplace and negotiated the termination of lease agreements across the country. The Organization will continue to progress toward a fully virtual environment in the upcoming fiscal years. Total rent expense for lease agreements of office space and associated common area maintenance and utilities for the year ended March 31, 2021 was approximately \$3,938,000.

Future annual minimum lease payments due under noncancelable operating leases as of March 31, 2021, are as follows:

2022	\$ 393,465
2023	147,429
2024	5,309
2025	455
Total future annual minimum lease payments	<u>\$ 546,658</u>

The Susan G. Komen Breast Cancer Foundation, Inc.
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Notes to Consolidated Financial Statements (continued)

9. Federal Income Taxes

The Organization is a tax-exempt entity under Internal Revenue Code (the Code) Section 501(a) of the U.S. Tax Code as an organization described in Section 501(c)(3) under a determination letter issued by the Internal Revenue Service. The Affiliates of the Organization have a separate group determination letter, under the umbrella of the Organization's exemption, recognizing their exempt status under Section 501(a) of the Code. Furthermore, the Organization has been classified as an organization that is not a private foundation under Section 509(a) of the Code, and as such, contributions to the Organization qualify for deduction as charitable contributions.

The Organization is subject to a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. There were no uncertain tax positions recorded in the consolidated financial statements at March 31, 2021.

10. Retirement Plans

The Organization has a defined contribution retirement plan under the provisions of Section 403(b) of the Code (the 403(b) Plan). The Organization can match employee contributions up to 3% of employees' annual salary. During fiscal year 2021, matching contributions were suspended due to the COVID-19 pandemic but have since been restored. All employees are eligible to make deferrals immediately. The 403(b) Plan expense was approximately \$340,000 for the year ended March 31, 2021.

The Organization has a nonqualified deferred compensation plan subject to the provisions of Section 457 of the Code (the 457 Plan). The 457 Plan is maintained primarily for certain members of management. No significant changes occurred during the year.

The Susan G. Komen Breast Cancer Foundation, Inc.
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Notes to Consolidated Financial Statements (continued)

11. Liquidity

The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditure are as follows:

Total assets at year-end	\$ 203,722,005
Less:	
Private equity fund	39,150,000
Restricted by donors with purpose restrictions	12,436,439
Grants payable within a year	24,275,095
Contributions receivable due in more than one year, net	12,476,072
In-kind receivables	604,388
Prepaid expenses and other assets	2,300,652
Property, equipment, and intangible assets, net	2,249,769
Board-designated restricted fund	1,000,000
Financial assets available at year-end for current use	<u>\$ 109,229,590</u>

The Organization has substantial support by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

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