

CONSOLIDATED FINANCIAL STATEMENTS

The Susan G. Komen Breast Cancer Foundation, Inc.
dba Susan G. Komen and Affiliates
Year Ended March 31, 2022
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, 2022

Contents

Report of Independent Auditors	1
Consolidated Financial Statements	
Consolidated Statement of Financial Position.....	3
Consolidated Statement of Activities.....	4
Consolidated Statement of Cash Flows.....	5
Consolidated Statement of Functional Expenses.....	6
Notes to Consolidated Financial Statements	7



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Report of Independent Auditors

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

Opinion

We have audited the consolidated financial statements of The Susan G. Komen Breast Cancer Foundation, Inc. dba Susan G. Komen and Affiliates (the Organization), which comprise the consolidated statement of financial position as of March 31, 2022, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization at March 31, 2022, and the results of its operations and its cash flows for the years 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 (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 of 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 the Organization’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's 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 of material misstatement, whether due to fraud or error, and to issue an auditor's 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 GAAS 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 GAAS, 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 the Organization'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 the Organization'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.

Ernst & Young LLP

September 15, 2022

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

Consolidated Statement of Financial Position

March 31, 2022

Assets

Cash, cash equivalents, and restricted cash (<i>Note 1</i>)	\$ 23,172,375
Investments (<i>Note 2</i>)	163,458,473
Receivables, net (<i>Note 3</i>)	15,040,253
Prepaid expenses and other assets	2,137,468
Property, equipment, and intangible assets, net (<i>Note 1</i>)	3,645,471
Total assets	<u>\$ 207,454,040</u>

Liabilities and net assets

Accounts payable, accrued expenses, and other payables	\$ 9,784,077
Deferred revenue	229,708
Grants payable, net (<i>Note 5</i>)	49,697,151
Total liabilities	<u>59,710,936</u>

Net assets:

Without donor restrictions – undesignated	97,510,380
Without donor restrictions – board-designated	1,000,000
Total without donor restrictions	<u>98,510,380</u>
With donor restrictions (<i>Note 6</i>)	49,232,724
Total net assets	<u>147,743,104</u>
Total liabilities and net assets	<u>\$ 207,454,040</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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:			
Restricted investment funds, sponsorships, and race entry fees	\$ 80,849,817	\$ 15,577,850	\$ 96,427,667
Contributed goods and services <i>(Note 1)</i>	50,689,691	232,187	50,921,878
Less direct benefits to donors and sponsors	(4,460,732)	–	(4,460,732)
	<u>127,078,776</u>	<u>15,810,037</u>	<u>142,888,813</u>
Interest and dividends	1,153,795	–	1,153,795
Net realized gains on investments	6,130,990	–	6,130,990
Change in net unrealized losses on investments	(715,753)	–	(715,753)
CARES Act income <i>(Note 4)</i>	5,403,925	–	5,403,925
Other	3,574	–	3,574
Net assets released from restrictions: <i>(Note 6)</i>			
Expiration of time restrictions	4,454,043	(4,454,043)	–
Satisfaction of program restrictions	9,379,650	(9,379,650)	–
Total public support and revenue	<u>152,889,000</u>	<u>1,976,344</u>	<u>154,865,344</u>
Expenses:			
Program services:			
Research	24,901,656	–	24,901,656
Patient care	87,774,459	–	87,774,459
Advocacy	2,020,402	–	2,020,402
Total program services	<u>114,696,517</u>	<u>–</u>	<u>114,696,517</u>
Supporting services:			
Fundraising costs	23,026,930	–	23,026,930
General and administrative	15,355,708	–	15,355,708
Total supporting services	<u>38,382,638</u>	<u>–</u>	<u>38,382,638</u>
Total expenses	<u>153,079,155</u>	<u>–</u>	<u>153,079,155</u>
Change in net assets	(190,155)	1,976,344	1,786,189
Net assets at beginning of year	98,700,535	47,256,380	145,956,915
Net assets at end of year	<u>\$ 98,510,380</u>	<u>\$ 49,232,724</u>	<u>\$ 147,743,104</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, 2022

Operating activities

Change in net assets	\$ 1,786,189
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	900,298
Change in net unrealized gains on investments	715,753
Gain on extinguishment of CARES Act liability	(5,403,925)
Changes in operating assets and liabilities:	
Decrease in receivables, net	2,947,796
Decrease in prepaid expenses and other assets	175,062
Decrease in accounts payable, accrued expenses, and other payables	(1,119)
Decrease in deferred revenue and rent	(431,226)
Increase in grants payable, net	7,793,980
Net cash provided by operating activities	<u>8,482,808</u>

Investing activities

Purchases of property and equipment	(2,296,000)
Purchases of investments	(93,807,998)
Sales and maturities of investments	71,071,122
Net cash used in investing activities	<u>(25,032,876)</u>

Financing activities

Repayment of CARES Act PPP loans (<i>Note 4</i>)	(11,864)
Net cash used in financing activities	<u>(11,864)</u>

Net decrease in cash, cash equivalents, and restricted cash	(16,561,932)
Cash, cash equivalents, and restricted cash at beginning of year	39,734,307
Cash, cash equivalents, and restricted cash at end of year	<u><u>\$ 23,172,375</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, 2022

	Program Services			Fundraising Costs			Total
	Patient Care	Research	Advocacy	Race-Walk Events and 3-Day	Other Fundraising	General and Administrative	
Marketing and communications (primarily contributed services)	\$ 48,174,471	\$ 369,641	\$ 122,365	\$ 435,965	\$ 1,371,073	\$ 3,858,873	\$ 54,332,388
Salaries and benefits	15,528,162	2,844,264	1,355,486	353,524	8,475,007	9,107,305	37,663,748
Supplies	102,618	2,224	707	4,632	86,194	28,525	224,900
Postage and shipping	3,063,097	2,062	380	99,157	3,057,087	27,736	6,249,519
Occupancy	850,601	982	-	21,561	21,174	163,267	1,057,585
Equipment rental and maintenance	1,491,946	164,375	64,015	192,447	516,574	813,367	3,242,724
Conferences, conventions, and meetings	48,565	1,943	2,339	451	42,586	20,352	116,236
Printing and publications	4,168,472	5,255	284	56,067	4,166,137	33,501	8,429,716
Grants and direct services	4,741,119	20,963,343	-	-	-	-	25,704,462
Professional fees	6,752,677	348,027	357,493	856,998	1,531,635	528,030	10,374,860
Travel	139,590	5,032	1,758	22,751	67,929	52,720	289,780
Event production	77,231	889	7,836	188	84,909	132,016	303,069
Service fees and taxes	703,879	74,505	23,399	192,686	331,534	136,743	1,462,746
Telephone and internet fees	44,275	12	3	23	16,298	94,971	155,582
Depreciation and amortization	645,697	20,159	-	2,020	105,829	126,593	900,298
Miscellaneous	1,242,059	98,943	84,337	131,306	783,188	231,709	2,571,542
Total expenses before direct benefits to donors and sponsors	87,774,459	24,901,656	2,020,402	2,369,776	20,657,154	15,355,708	153,079,155
Direct benefits to donors and sponsors	-	-	-	3,872,873	585,098	2,761	4,460,732
Total expenses	<u>\$ 87,774,459</u>	<u>\$ 24,901,656</u>	<u>\$ 2,020,402</u>	<u>\$ 6,242,649</u>	<u>\$ 21,242,252</u>	<u>\$ 15,358,469</u>	<u>\$ 157,539,887</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, 2022

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 Susan G. Komen Race for the Cure[®] Series (the RFTC Series), the MORE THAN PINKWalk[®] 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.

During the fiscal year 2021, the Organization began the process of consolidating into one corporate entity in order to provide a higher level of service to constituents and to improve the efficiency of the organization. As of March 31, 2022, all Affiliates have filed for dissolution or merger into the headquarter entity of the Organization. The accompanying consolidated financial statements of the Organization include the activity of the Organization's international headquarters and 60 Affiliates in 2022. All significant intercompany transactions and accounts have been eliminated in consolidation.

The RFTC Series and MTP Walk Series, a series of 5K and one-mile walk/runs, were held virtually and in person across the United States during 2022 and are a significant source of the Organization's revenues. The Susan G. Komen 3-Day[®] Series (3-Day Series), a series of 60-mile walks over a three-day period, was held in San Diego during 2022 and will be held in four cities during fiscal year 2023.

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

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 of America (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, 2022, were approximately \$50,922,000 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, 2022, 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	\$ 159,326,076	\$ 50,921,878	\$ 108,404,198
Less:			
Event direct costs	4,460,732	394,685	4,066,047
Net public support and revenue	<u>154,865,344</u>	<u>50,527,193</u>	<u>104,338,151</u>
Expenses:			
Program services	114,696,517	47,735,958	66,960,559
Supporting services	38,382,638	3,013,481	35,369,157
Total expenses	<u>153,079,155</u>	<u>50,749,439</u>	<u>102,329,716</u>
Change in net assets	<u>\$ 1,786,189</u>	<u>\$ (222,246)</u>	<u>\$ 2,008,435</u>
 Program services as a percentage of total expense	 <u>75%</u>	 <u>94%</u>	 <u>65%</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	\$ 5,631,203
Restricted cash	<u>17,541,172</u>
Total cash, cash equivalents, and restricted cash shown on the statement of cash flows	<u>\$ 23,172,375</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	\$ 5,435,837
Identifiable intangible assets	2,839,583
Equipment	2,171,260
Fixed assets in process	1,404,415
Furniture and fixtures	127,439
Leasehold improvements	83,890
Total property, equipment, and intangible assets	<u>12,062,424</u>
Accumulated depreciation and amortization	<u>(8,416,953)</u>
Net property, equipment, and intangible assets	<u>\$ 3,645,471</u>

As of March 31, 2022, accumulated amortization of intangible assets totaled \$2,839,583.

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.

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)

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 events. These resources are recorded as undesignated revenues when the related obligations have been satisfied.

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.

Advertising Expenses

The Organization recorded advertising expenses of approximately \$54,332,000 for the year ended March 31, 2022, 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, 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.

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)

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 15, 2022, 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.

New and Pending Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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, 2021, with early adoption permitted. The Organization plans to adopt ASU 2016-02 in fiscal year 2023 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

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)

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.

2. Fair Value Measurements

At March 31, 2022, the Organization's financial instruments included cash and cash equivalents, receivables, investments, accounts payable, 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 of equity, bond, private equity, and hedge fund investments for the purpose of investment growth that can provide earnings to be utilized in the support of the Organization's mission. These investments are strategically selected so that there is 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 \$179,000 in the fiscal year ended March 31, 2022, which are netted against net realized gains on investments on the accompanying consolidated statement of activities. Investments at March 31, 2022, were composed of the following:

	<u>Fair Value</u>
Private equity funds	\$ 55,179,803
Domestic equities	49,503,948
Commingled funds	19,416,947
Hedge funds	14,858,239
International equity funds	12,548,481
Fixed income funds	9,001,230
Real estate funds	2,825,345
Corporate bonds	124,480
Total	<u><u>\$ 163,458,473</u></u>

Investments valued at quoted prices available in an active market are classified within Level 1 of the valuation hierarchy. Investments valued based on evaluated bid prices provided by third-party pricing services, where quoted market prices are not available, are classified within Level 2 of the valuation hierarchy. Investments measured at fair value using net asset value per share or its equivalent as a practical expedient are not categorized within the fair value hierarchy. Valuations provided by fund management consider variables such as the financial performance of underlying equity positions, recent sale prices of underlying investments, and other pertinent information. These investments consist of hedge funds, private equity funds, and some equity and fixed-income funds. As of March 31, 2022, these funds were valued at \$89,454,989.

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)

	Balance March 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Domestic equities	\$ 49,503,948	\$ 49,503,948	\$ –
International equities	12,548,481	12,548,481	–
Fixed-income funds	9,001,230	9,001,230	–
Real estate funds	2,825,345	–	2,825,345
Corporate bonds	124,480	–	124,480
	<u>\$ 74,003,484</u>	<u>\$ 71,053,659</u>	<u>\$ 2,949,825</u>
Investments reported using net asset value per share:			
Private equity funds ^(a)	\$ 55,179,803		
Commingled funds	19,416,947		
Hedge funds	14,858,239		
Fair value of investments	<u>\$ 163,458,473</u>		

^(a) The Organization may not request to redeem shares in one of the Organization's private equity funds, currently valued at \$43,470,000, which was donated to the Organization in fiscal year 2016. Based upon the fund strategy, distributions will be made starting no later than calendar year 2019 and will continue until the underlying fund has completed selling its investment portfolio.

As of March 31, 2022, the Organization had commitments to fund equity investments in private equity and real estate funds totaling \$1,795,000.

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

Notes to Consolidated Financial Statements (continued)

3. Receivables

Net receivables were approximately \$15,040,000 at March 31, 2022. 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 .07% to 2.48% at March 31, 2022. The discount as of March 31, 2022, was approximately \$21,000. The allowance for doubtful accounts was approximately \$381,000 as of March 31, 2022. 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.

Receivables, net, as of March 31, 2022, are as follows:

2023	\$ 13,136,268
2024	1,924,847
Total accounts receivable, net of allowances	<u>15,061,115</u>
Less unamortized discount	(20,862)
Accounts receivable, net	<u><u>\$ 15,040,253</u></u>

The RFTC Series, MTP Walk Series and other event receivables were approximately \$7,935,000 at March 31, 2022. These receivables primarily represent promises to give from national and local sponsors that committed support prior to March 31 each year.

Unconditional promises to give by donors, net of allowances and discounts of approximately \$7,105,000 at March 31, 2022, 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.

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

Notes to Consolidated Financial Statements (continued)

4. CARES Act Liability

During the months of April through June 2020, the Organization entered into 47 unsecured promissory notes payable under the Paycheck Protection Program (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. In fiscal year 2021, 33 loans totaling \$2,533,602 were forgiven and recorded as CARES Act income. In fiscal year 2022, 11 loans totaling \$5,403,925 were forgiven and recorded as CARES Act income on the consolidated statement of activities. The three remaining loans totaling \$11,864 were repaid during the year.

5. Grants Payable

As of March 31, 2022, 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, 2022, at rates ranging from .07% to 2.48%. Grants payable at March 31, 2022, are scheduled for payment in the following fiscal years:

2023	\$ 24,611,412
2024	13,094,843
2025	8,822,708
2026	3,686,147
2027	284,388
Total grants payable	<u>50,499,498</u>
Less unamortized discount	<u>(802,347)</u>
Grants payable, net	<u>\$ 49,697,151</u>

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

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

Notes to Consolidated Financial Statements (continued)

6. Net Assets

Net assets with donor restrictions as of March 31, 2022, are categorized as follows:

Patient care programs	\$ 27,924,734
Research programs	6,472,933
Advocacy programs	446,250
Time restrictions	14,063,807
Perpetual in nature	325,000
	<u>\$ 49,232,724</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.

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 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, 2022:

Patient care	\$ 20,681,922
Research	773,844
Advocacy	219,953
General and administrative	1,830,668
Fundraising	19,547,829
	<u>\$ 43,054,216</u>

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

Notes to Consolidated Financial Statements (continued)

8. 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, 2022.

9. 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 \$861,000 for the year ended March 31, 2022.

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.
dba Susan G. Komen and Affiliates

Notes to Consolidated Financial Statements (continued)

10. 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	\$ 207,454,040
Less:	
Private equity funds	55,179,803
Grants payable within a year	24,611,412
Restricted by donors with purpose restrictions	17,541,172
Property, equipment, and intangible assets, net	3,645,471
Prepaid expenses and other assets	2,127,891
Contributions receivable due in more than one year, net	1,903,985
Board-designated restricted fund	1,000,000
In-kind receivables	397,126
Financial assets available at year-end for current use	<u>\$ 101,047,180</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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