

CONSOLIDATED FINANCIAL STATEMENTS

The Susan G. Komen Breast Cancer Foundation, Inc.  
dba Susan G. Komen and Affiliates  
Year Ended March 31, 2023  
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, 2023

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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, 2023, 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, 2023, and the results of its operations 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 (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 13, 2023

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

Consolidated Statement of Financial Position

March 31, 2023

**Assets**

Cash, cash equivalents, and restricted cash ( <i>Note 1</i> )	\$ 11,286,634
Investments ( <i>Note 2</i> )	157,751,787
Receivables, net ( <i>Note 3</i> )	15,405,966
Prepaid expenses and other assets	3,914,745
Property, equipment, and intangible assets, net ( <i>Note 1</i> )	4,353,535
Total assets	<u>\$ 192,712,667</u>

**Liabilities and net assets**

Accounts payable, accrued expenses, and other payables	\$ 9,306,708
Deferred revenue	283,699
Grants payable, net ( <i>Note 4</i> )	53,366,811
Total liabilities	<u>62,957,218</u>

Net assets:

Without donor restrictions – undesignated	83,325,512
Without donor restrictions – board-designated	1,000,000
Total without donor restrictions	<u>84,325,512</u>
With donor restrictions ( <i>Note 5</i> )	45,429,937
Total net assets	<u>129,755,449</u>
Total liabilities and net assets	<u>\$ 192,712,667</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, 2023

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Public support and revenue:			
Restricted investment funds, sponsorships, and race entry fees	\$ 99,029,464	\$ 14,141,740	\$ 113,171,204
Contributed goods and services <i>(Note 1)</i>	33,075,375	281,409	33,356,784
Less direct benefits to donors and sponsors	(8,987,585)	—	(8,987,585)
	<u>123,117,254</u>	<u>14,423,149</u>	<u>137,540,403</u>
Interest and dividends	1,439,296	—	1,439,296
Net realized gains on investments	698,437	—	698,437
Change in net unrealized losses on investments	(9,184,802)	—	(9,184,802)
Other	26,758	—	26,758
Net assets released from restrictions: <i>(Note 5)</i>			
Expiration of time restrictions	9,435,341	(9,435,341)	—
Satisfaction of program restrictions	8,790,595	(8,790,595)	—
Total public support and revenue	<u>134,322,879</u>	<u>(3,802,787)</u>	<u>130,520,092</u>
Expenses:			
Program services:			
Research	24,178,624	—	24,178,624
Patient care	79,165,226	—	79,165,226
Advocacy	3,359,841	—	3,359,841
Total program services	<u>106,703,691</u>	<u>—</u>	<u>106,703,691</u>
Supporting services:			
Fundraising costs	27,234,549	—	27,234,549
General and administrative	14,569,507	—	14,569,507
Total supporting services	<u>41,804,056</u>	<u>—</u>	<u>41,804,056</u>
Total expenses	<u>148,507,747</u>	<u>—</u>	<u>148,507,747</u>
Change in net assets	(14,184,868)	(3,802,787)	(17,987,655)
Net assets at beginning of year	98,510,380	49,232,724	147,743,104
Net assets at end of year	<u>\$ 84,325,512</u>	<u>\$ 45,429,937</u>	<u>\$ 129,755,449</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, 2023

**Operating activities**

Change in net assets	\$ (17,987,655)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	1,162,454
Change in net unrealized gains on investments	9,184,802
Changes in operating assets and liabilities:	
Increase in receivables, net	(365,713)
Increase in prepaid expenses and other assets	(1,777,277)
Decrease in accounts payable, accrued expenses, and other payables	(477,369)
Increase in deferred revenue and rent	53,991
Increase in grants payable, net	3,669,660
Net cash used in operating activities	<u>(6,537,107)</u>

**Investing activities**

Purchases of property and equipment	(1,870,518)
Purchases of investments	(6,794,352)
Sales and maturities of investments	3,316,236
Net cash used in investing activities	<u>(5,348,634)</u>

Net decrease in cash, cash equivalents, and restricted cash	(11,885,741)
Cash, cash equivalents, and restricted cash at beginning of year	23,172,375
Cash, cash equivalents, and restricted cash at end of year	<u>\$ 11,286,634</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, 2023

	Program Services			Fundraising Costs			
	Research	Patient Care	Advocacy	Race-Walk Events and 3-Day	Other Fundraising	General and Administrative	Total
Marketing and communications (primarily contributed services)	\$ 392,515	\$ 33,274,058	\$ 132,358	\$ 492,386	\$ 1,588,268	\$ 1,285,913	\$ 37,165,498
Salaries and benefits	4,404,997	16,926,497	2,423,726	441,826	11,815,678	9,986,333	45,999,057
Supplies	2,885	173,361	526	34,818	156,384	5,296	373,270
Postage and shipping	6,771	2,993,650	2,028	16,753	2,958,563	23,284	6,001,049
Occupancy	–	748,770	–	30,068	6,559	76,882	862,279
Equipment rental and maintenance	252,297	2,380,548	58,463	473,654	696,262	905,897	4,767,121
Conferences, conventions, and meetings	45,796	44,157	6,973	1,456	28,769	95,686	222,837
Printing and publications	5,463	4,180,685	2,712	43,788	4,059,638	8,287	8,300,573
Grants and direct services	18,214,417	9,983,613	–	–	–	–	28,198,030
Professional fees	484,317	5,236,998	499,603	994,147	1,510,424	1,198,638	9,924,127
Travel	157,777	405,538	36,134	66,708	197,393	343,017	1,206,567
Event production	11,720	47,070	69,320	–	109,034	14,066	251,210
Service fees and taxes	61,125	946,374	29,883	263,733	382,417	105,542	1,789,074
Telephone and internet fees	554	54,885	265	10	21,375	90,544	167,633
Depreciation and amortization	45,810	858,704	–	–	122,868	135,072	1,162,454
Miscellaneous	92,180	910,318	97,850	17,323	704,247	295,050	2,116,968
Total expenses before direct benefits to donors and sponsors	24,178,624	79,165,226	3,359,841	2,876,670	24,357,879	14,569,507	148,507,747
Direct benefits to donors and sponsors	–	–	–	8,176,742	808,641	2,202	8,987,585
Total expenses	\$ 24,178,624	\$ 79,165,226	\$ 3,359,841	\$ 11,053,412	\$ 25,166,520	\$ 14,571,709	\$ 157,495,332

See accompanying notes.



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

Notes to Consolidated Financial Statements

March 31, 2023

**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 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.

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 headquarters entity of the Organization. The accompanying consolidated financial statements of the Organization include the activity of the Organization's international headquarters and ten Affiliates in 2023. 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 2023 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 four cities across the United States in 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:

Pittsburgh	Sacramento Valley	Los Angeles County
Western New York	Northwest Ohio	San Diego
New Orleans	Inland Empire	San Francisco Bay Area
Orange County		

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. After fiscal year 2023, these entities began operating under licensing agreements rather than as Affiliates.

**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

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)**

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 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 Nonfinancial Assets**

Contributions of nonfinancial assets are 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 many 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 nonfinancial assets recognized within the statement of activities include the following:

Public service announcements and advertising	\$ 31,922,451
Special event support	1,018,833
Legal services	242,019
Occupancy	173,481
	<u>\$ 33,356,784</u>

Contributed public service announcements and advertising services recognized are used to educate the public about breast cancer and advertise the organization's special events. The revenues are valued at the estimated fair value provided by entities that place media with television, radio, and social media platforms based on current rates for similar advertising.

Contributed special event support includes gifts and recognition, event venues, food and beverage, and general event production costs and supplies. The valuation of the goods and services is estimated fair market values based on the current retail prices that would be paid selling similar products and services.

Contributed legal services recognized comprise professional services from attorneys advising the organization on various legal matters. Contributed services are valued at the estimated fair value based on current rates for similar legal services.

Contributed occupancy services recognized were utilized by the organization for program, fundraising, and administrative purposes and are valued at the estimated fair value based on current rental rates for comparable office space.

**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	\$ 3,477,191
Restricted cash	<u>7,809,443</u>
Total cash, cash equivalents, and restricted cash shown on the statement of cash flows	<u>\$ 11,286,634</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 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	\$ 5,579,673
Identifiable intangible assets	2,839,583
Equipment	2,357,161
Fixed assets in process	2,945,196
Furniture and fixtures	127,438
Leasehold improvements	83,890
Total property, equipment, and intangible assets	<u>13,932,941</u>
Accumulated depreciation and amortization	<u>(9,579,406)</u>
Net property, equipment, and intangible assets	<u><u>\$ 4,353,535</u></u>

As of March 31, 2023, accumulated amortization of intangible assets totaled \$2,780,583.

**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 \$37,200,000 for the year ended March 31, 2023, 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 13, 2023, 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 *Leases (Topic 842)*. ASU 2016-02 requires all leases that have a term of over 12 months to be recognized on the balance sheet with the liability for lease payments and the corresponding right-of-use asset initially measured at the present value of amounts expected to be paid over the term. Recognition of the costs of these leases on the income statement will be dependent upon their classification as either an operating or a finance lease. Costs of an operating lease will continue to be recognized as a single operating expense on a straight-line basis over the lease term. Costs for a financing lease will be disaggregated and recognized as both an operating expense (for the amortization of the right-of-use asset) and interest expense (for interest on the lease liability). The Organization adopted the requirements of the new standard on April 1, 2022, using the modified retrospective approach. The Organization also elected the package of practical expedients permitted under the transition guidance, which allowed the Organization to maintain historic lease classification for leases in effect at the date of adoption. The adoption of this standard did not materially affect the Organization's 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)**

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 adopted ASU 2020-07 in fiscal year 2023 and has included disclosures required by the standard in Contributed Nonfinancial Assets of Note 1.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This guidance will replace the incurred loss impairment methodology under current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The Organization will be required to use a forward-looking expected credit loss model for accounts receivable, loans, and other financial instruments. Credit losses relating to available-for-sale debt securities will also be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities. The ASU is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted for annual periods beginning after December 15, 2018, and interim periods therein. The Organization does not expect ASU 2016-13 to have a material effect on its 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, 2023, 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 \$316,000 in the fiscal year ended March 31, 2023, which are netted against net realized gains on investments on the accompanying consolidated statement of activities. Investments at March 31, 2023, were composed of the following:

Private equity fund	\$ 55,624,800
Domestic equities	45,317,234
International equity funds	12,490,403
Commingled funds	17,962,515
Hedge funds	14,462,239
Fixed income funds	8,727,342
Real estate funds	2,310,144
Private energy fund	756,020
Corporate bonds	101,090
Total	<u><u>\$ 157,751,787</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, real estate funds, and some equity and fixed-income funds. As of March 31, 2023, these funds were valued at \$90,359,698.

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 underlying securities in managed funds could include marketable debt and equity securities, nonmarketable securities, derivative instruments, or any other investment securities determined at the discretion of the fund managers. These investments are recorded at amounts confirmed by fund managers, and there can be no assurance such reported amounts will ultimately be realized. These funds are invested with external investment managers who invest primarily in various categories, including fixed income, long and short equity positions, managed futures, emerging markets, distressed enterprises, arbitrage, risk parity, private equity, and real estate positions. These investments are domestic and international in nature and are illiquid, and returns may not be realized for a period of several years after the investments are made. The risks associated with these investments are numerous, resulting in a greater likelihood of losing invested capital. The risks include the following:

*Non-Regulation Risk* – Some of these funds are not required to register with the Securities and Exchange Commission and are not subject to regulatory controls.

*Managerial Risk* – Fund managers may fail to produce the intended returns and are not subject to oversight.

*Minimal Liquidity* – Many funds impose lockup periods that prevent investors from redeeming their shares or impose penalties to redeem.

*Limited Transparency* – As unregistered investment vehicles, funds are not required to disclose the holdings in their portfolios to investors.

*Investment Strategy Risk* – The funds often employ sophisticated, risky investment strategies; are speculative; and may use leverage, which could result in volatile returns.

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

**2. Fair Value Measurements (continued)**

	<b>Balance March 31, 2023</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Unobservable Inputs (Level 3)</b>
Domestic equities	\$ 45,317,234	\$ 45,317,234	\$ —	\$ —
International equities	12,490,403	12,490,403	—	—
Fixed-income funds	8,727,342	8,727,342	—	—
Corporate bonds	101,090	—	101,090	—
Private energy funds	756,020	—	—	756,020
	<u>67,392,089</u>	<u>\$ 66,534,979</u>	<u>\$ 101,090</u>	<u>\$ 756,020</u>
Investments reported using net asset value per share:				
Private equity funds <sup>(a)</sup>	55,624,800			
Commingled funds	17,962,515			
Hedge funds	14,462,239			
Real estate funds	2,310,144			
Fair value of investments	<u>\$ 157,751,787</u>			

<sup>(a)</sup> The Organization may not request to redeem shares in one of its 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, 2023, the Organization had commitments to fund equity investments in private equity and real estate funds of approximately \$10,900,000.

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

**3. Receivables**

Net receivables were approximately \$15,400,000 at March 31, 2023. 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 0.16% to 1.50% at March 31, 2023. The discount as of March 31, 2023, was approximately \$23,000. The allowance for doubtful accounts was approximately \$244,000 as of March 31, 2023. 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, 2023, are as follows:

2024	\$ 14,976,435
2025	249,688
Thereafter	<u>202,500</u>
Total accounts receivable, net of allowances	15,428,623
Less unamortized discount	<u>22,657</u>
Accounts receivable, net	<u><u>\$ 15,405,966</u></u>

The RFTC Series, MTP Walk Series, and other event receivables were approximately \$8,990,000 at March 31, 2023. 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 \$6,660,000 at March 31, 2023, 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.  
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Notes to Consolidated Financial Statements (continued)

**4. Grants Payable**

As of March 31, 2023, 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, 2023, at rates ranging from 0.07% to 4.64%. Grants payable at March 31, 2023, are scheduled for payment in the following fiscal years:

2024	\$ 24,916,138
2025	16,667,916
2026	8,824,167
2027	2,164,490
2028	955,000
Thereafter	<u>1,312,500</u>
Total grants payable	54,840,211
Less unamortized discount	<u>1,473,400</u>
Grants payable, net	<u><u>\$ 53,366,811</u></u>

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

**5. Net Assets**

Net assets with donor restrictions as of March 31, 2023, are categorized as follows:

Research programs	\$ 25,355,644
Patient care programs	6,548,306
Advocacy programs	334,762
Time restrictions	10,587,225
Perpetual in nature	<u>2,604,000</u>
	<u><u>\$ 45,429,937</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.

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Notes to Consolidated Financial Statements (continued)

**6. 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, 2023:

Patient care	\$ 23,260,701
Research	918,408
Advocacy	195,386
General and administrative	1,206,569
Fundraising	22,926,961
	<u>\$ 48,508,025</u>

**7. 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, 2023.



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

**8. 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 \$1,570,000 for the year ended March 31, 2023.

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.

**9. 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	\$ 192,712,667
Less:	
Private equity funds	55,624,800
Grants payable within a year	24,916,138
Restricted by donors with purpose restrictions	11,533,776
Restricted for capital commitments funding investments	10,909,921
Property, equipment, and intangible assets, net	4,353,535
Prepaid expenses and other assets	3,914,745
Board-designated restricted fund	1,000,000
Contributions receivable due in more than one year, net	452,188
In-kind receivables	295,215
Financial assets available at year-end for current use	<u>\$ 79,712,349</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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