

BREAST CANCER PREVENTION PARTNERS

FINANCIAL STATEMENTS

**For the Years Ended
December 31, 2018 and 2017**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Statements of Functional Expenses	5 - 6
Notes to Financial Statements	7 - 16

Independent Auditors' Report

Board of Directors
Breast Cancer Prevention Partners

We have audited the accompanying financial statements of Breast Cancer Prevention Partners, which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the 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 auditors' 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 financial position of Breast Cancer Prevention Partners as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

San Francisco, California

June 12, 2019

Bregante + Company LLP

BREAST CANCER PREVENTION PARTNERS

STATEMENTS OF FINANCIAL POSITION

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Assets:		
Cash and cash equivalents	\$ 678,516	\$ 1,075,509
Contributions and grants receivable, net	515,911	412,007
Prepaid expenses	47,192	54,531
Property and equipment, net	47,809	80,251
Other	<u>12,690</u>	<u>12,690</u>
Total assets	<u>\$ 1,302,118</u>	<u>\$ 1,634,988</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 42,364	\$ 57,063
Accrued payroll and vacation	124,891	93,811
Other accrued liabilities	53,536	-
Deferred compensation	241,602	213,811
Deferred rent	70,255	63,103
Capital lease obligation	<u>-</u>	<u>908</u>
Total liabilities	532,648	428,696
Net assets:		
Without donor restrictions	89,833	307,223
With donor restrictions	<u>679,637</u>	<u>899,069</u>
Total net assets	<u>769,470</u>	<u>1,206,292</u>
Total liabilities and net assets	<u>\$ 1,302,118</u>	<u>\$ 1,634,988</u>

See accompanying notes to the financial statements.

BREAST CANCER PREVENTION PARTNERS

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2018 and 2017

	2018		2017	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
	Total	Total	Total	Total
Revenue and support:				
Contributions and grants	\$ 2,216,665	\$ 497,068	\$ 2,713,733	\$ 553,536
In-kind donations	198,546	-	198,546	-
Fees and other income	75,436	-	75,436	-
Net assets released from restrictions	716,500	(716,500)	-	(1,000,023)
Total revenue and support	3,207,147	(219,432)	2,987,715	(446,487)
Expenses:				
Program	2,566,723	-	2,566,723	-
Management and general	389,711	-	389,711	-
Fundraising	468,103	-	468,103	-
Total expenses	3,424,537	-	3,424,537	-
Changes in net assets	(217,390)	(219,432)	(436,822)	(446,487)
Net assets, beginning of year	307,223	899,069	1,206,292	1,345,556
Net assets, end of year	\$ 89,833	\$ 679,637	\$ 769,470	\$ 899,069
	\$ 2,756,388	\$ 198,740	\$ 2,955,128	\$ 2,756,388
	198,740	-	198,740	-
	92,909	-	92,909	-
	1,000,023	(1,000,023)	-	-
	3,494,524	(446,487)	3,048,037	3,048,037
	3,026,397	-	3,026,397	-
	287,451	-	287,451	-
	363,482	-	363,482	-
	3,677,330	-	3,677,330	-
	(182,806)	(446,487)	(629,293)	(629,293)
	490,029	1,345,556	1,835,585	1,835,585
	\$ 307,223	\$ 899,069	\$ 1,206,292	\$ 1,206,292

See accompanying notes to the financial statements.

BREAST CANCER PREVENTION PARTNERS

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Changes in net assets	\$ (436,822)	\$ (629,293)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation and amortization	35,044	33,988
Loss on disposal of fixed assets	411	-
(Increase) decrease in assets:		
Contributions and grants receivable, net	(103,904)	294,418
Prepaid expenses	7,339	31,260
Increase (decrease) in liabilities:		
Accounts payable	(14,699)	3,143
Accrued payroll and vacation	31,080	(3,633)
Other accrued liabilities	53,536	-
Deferred compensation	27,791	26,224
Deferred rent	7,152	15,354
Total adjustments	43,750	400,754
Net cash used by operating activities	(393,072)	(228,539)
Cash flows from investing activities -		
Purchases of property and equipment	(3,013)	(26,819)
Cash flows from financing activities -		
Payments on capital lease obligation	(908)	(5,288)
Net decrease in cash and cash equivalents	(396,993)	(260,646)
Cash and cash equivalents, beginning of year	1,075,509	1,336,155
Cash and cash equivalents, end of year	\$ 678,516	\$ 1,075,509

Supplemental disclosures of cash flow information:

Cash paid during the year for interest	\$ 6	\$ 210
--	------	--------

Supplemental disclosures of noncash investing information:

Breast Cancer Prevention Partners disposed of equipment with an original cost basis of \$18,136 and accumulated depreciation of \$17,725 during the year ended December 31, 2018. During the year ended December 31, 2017, Breast Cancer Prevention Partners disposed of fully depreciated equipment with an aggregate original cost basis of \$218,515 and placed in service \$50,000 of construction in progress related to the website.

See accompanying notes to the financial statements.

BREAST CANCER PREVENTION PARTNERS
STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2018 and 2017

Program, management and general, and fundraising expenses for the year ended December 31, 2018 were as follows:

	<u>Program Expenses</u>				Total Program Expenses	Management and General	Fundraising	Total Expenses
	Science, Public Education & Engagement	Business Accountability	Federal & State Policy and Programs					
Personnel and related expenses	\$ 1,025,535	\$ 172,394	\$ 209,888	\$ 1,407,817	\$ 244,844	\$ 294,466	\$ 1,947,127	
Professional services	190,662	38,297	191,165	420,124	53,165	5,834	479,123	
Vendor services	221,708	3,117	1,847	226,672	18,352	90,126	335,150	
Occupancy	146,864	23,536	28,640	199,040	19,746	28,962	247,748	
Office and operations	63,910	14,961	16,448	95,319	46,240	12,492	154,051	
Conferences and meetings	46,877	12,235	16,760	75,872	4,422	5,755	86,049	
Supplies	60,538	33	117	60,688	97	20,768	81,553	
Public relations, design, printing and reproduction	40,948	2,421	2,448	45,817	52	5,603	51,472	
Depreciation and amortization	20,774	3,329	4,051	28,154	2,793	4,097	35,044	
Grants and donations	6,658	281	281	7,220	-	-	7,220	
Total expenses	\$ 1,824,474	\$ 270,604	\$ 471,645	\$ 2,566,723	\$ 389,711	\$ 468,103	\$ 3,424,537	
				75%	11%	14%	100%	

See accompanying notes to the financial statements.

BREAST CANCER PREVENTION PARTNERS
STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

For the Years Ended December 31, 2018 and 2017

Program, management and general, and fundraising expenses for the year ended December 31, 2017 were as follows:

	Program Expenses					Total Expenses	
	Science, Public Education & Engagement	Business Accountability	Federal & State Policy and Programs	Program Expenses	Management and General		Fundraising
Personnel and related expenses	\$ 972,959	\$ 171,690	\$ 372,207	\$ 1,516,856	\$ 144,073	\$ 182,180	\$ 1,843,109
Professional services	403,430	71,190	154,333	628,953	59,739	75,540	764,232
Vendor services	185,302	32,699	70,888	288,889	27,439	34,697	351,025
Occupancy	126,192	22,268	48,275	196,735	18,686	23,629	239,050
Office and operations	106,680	18,825	40,810	166,315	15,797	19,975	202,087
Conferences and meetings	49,192	8,681	18,819	76,692	7,285	9,212	93,189
Supplies	38,788	6,843	14,835	60,466	5,742	7,261	73,469
Public relations, design, printing and reproduction	28,042	4,948	10,727	43,717	4,152	5,251	53,120
Depreciation and amortization	17,942	3,166	6,864	27,972	2,657	3,359	33,988
Grants and donations	12,702	2,241	4,859	19,802	1,881	2,378	24,061
Total expenses	\$ 1,941,229	\$ 342,551	\$ 742,617	\$ 3,026,397	\$ 287,451	\$ 363,482	\$ 3,677,330
				82%	8%	10%	100%

See accompanying notes to the financial statements.

BREAST CANCER PREVENTION PARTNERS

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE A -- Description of organization

Founded in 1992, Breast Cancer Prevention Partners (“BCPP”), formerly Breast Cancer Fund, works to prevent breast cancer by eliminating exposure to toxic chemicals and radiation linked to the disease. The organization’s focus is on the intersection of breast cancer prevention and environmental health. BCPP translates the relevant and compelling body of scientific research into public education, innovative policy and market-based campaigns directed toward systemic changes that will protect public health and reduce the incidence of breast cancer over time.

On January 31, 2017, Breast Cancer Fund legally changed its name to Breast Cancer Prevention Partners to better reflect who they are and what they do.

NOTE B -- Summary of significant accounting policies

Basis of accounting

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

Cash and cash equivalents

Cash and cash equivalents consist primarily of cash on deposit. BCPP considers investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Property and equipment

Property and equipment, if purchased, are recorded at cost or, if donated, at estimated value at the time of receipt. Property and equipment are depreciated over their estimated useful lives ranging from three to five years on the straight-line basis. Leasehold improvements are amortized over the remaining lease term on the straight-line basis. Property under capital lease is amortized over the life of the lease on a straight-line basis. BCPP generally capitalizes assets with an original cost over \$1,000.

Net assets

BCPP classifies its net assets and activities into one of two categories:

Without donor restrictions: Those net assets and activities which represent the portion of expendable funds available to support operations. A portion of these net assets may be designated by the Board of Directors for specific purposes.

BREAST CANCER PREVENTION PARTNERS

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2018 and 2017

NOTE B -- Summary of significant accounting policies (continued)

Net assets (continued)

With donor restrictions: Those net assets and contributions which are donor-restricted for: (a) support of specific operating activities; (b) investment for a specified term; (c) use in a specified future period; or (d) acquisition of long-lived assets. BCPP has net assets with donor restrictions for specific activities and future periods at December 31, 2018 and 2017 (see Note G).

The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires. This occurs by increasing net assets without donor restrictions and decreasing net assets with donor restrictions in the Statements of Activities, and the release from restrictions is reported separately from other transactions.

Revenue recognition

BCPP recognizes donor contributions and grants upon the earlier of receipt of a contribution payment or pledge or when an agreement has been executed. Contributions and grants without donor-imposed restrictions and contributions and grants with donor-imposed restrictions are reported accordingly. Contributions and grants to be received over more than one fiscal year are recorded at the present value of the contribution using the risk-free rate of return as determined by management. BCPP did not receive any conditional grants during the years ended December 31, 2018 and 2017.

Donated goods and specialized services are recorded as in-kind donations at their estimated value on the date of receipt. Such donations are reported as revenue and support without donor restrictions unless the donor has restricted the donated asset to a specific purpose or time period. Assets donated with explicit restrictions regarding their use are reported as revenue and support with donor restrictions.

Income taxes

BCPP is exempt from federal and California income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. Therefore, no provision for federal or California income tax is reflected in the financial statements.

BCPP recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. BCPP's returns are subject to examination by federal and state tax authorities, generally for three years and four years, respectively, after they are filed.

BREAST CANCER PREVENTION PARTNERS

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2018 and 2017

NOTE B -- Summary of significant accounting policies (continued)

Functional allocation of expenses

The costs of providing the program services and supporting activities of BCPP are shown on the Statements of Functional Expenses and broken into the following categories: (a) scientific work and public education and engagement related to the connection between breast cancer and exposure to toxic chemicals and radiation; (b) business accountability to move markets toward sustainable and less toxic products; (c) federal and state advocacy work to secure policies that protect people from toxic chemicals and radiation; (d) management and general, and (e) fundraising. Expenses that can be directly identified with a specific function are allocated directly to that function. For the year ended December 31, 2018, indirect costs that benefit multiple functional areas have been allocated among the various functional areas based on time and effort estimates or a square footage analysis made by BCPP management. Expenses allocated based on time and effort include personnel and related expenses and professional services. Expenses allocated based on square footage include occupancy, office and operations and depreciation.

For the year ended December 31, 2017, indirect costs are allocated among the program services and supporting activities based on allocation methods and estimates made by BCPP's management. The methodology for functional allocation of expenses was changed in 2018 in accordance with new guidance described below under *Accounting pronouncements adopted*.

Contributed goods and services

Contributions of goods are recognized at fair value when received. During the years ended December 31, 2018 and 2017, the value of contributed goods included as in-kind donations in the accompanying financial statements was \$88,772 and \$117,185, respectively, and consisted primarily of supplies for mountain climbs and other outdoor challenges.

Contributions of services are recognized at fair value when received if such services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. During the years ended December 31, 2018 and 2017, the value of contributed services included as in-kind donations in the accompanying financial statements was \$109,774 and \$81,555, respectively, and consisted primarily of consulting, legal and outreach services.

In addition, a substantial number of volunteers have donated significant amounts of time to BCPP programs. The value of these volunteer services has not been recognized in the financial statements because such services do not meet the criteria described above.

Concentration of credit risk

Financial instruments that potentially subject BCPP to concentrations of credit risk consist principally of cash and cash equivalents and contributions and grants receivable. Cash and cash equivalents on deposit in accounts at financial institutions may at times exceed federally insured limits. Except for contributions and grants receivable amounts shown individually in Note D, other contributions and grants receivable consist of amounts from donors ranging from a few dollars to \$7,100 and \$20,000 at December 31, 2018 and 2017, respectively. BCPP has not experienced any material losses in these accounts and management believes it is not exposed to any significant credit risk with respect to cash and cash equivalents and contributions and grants receivable.

BREAST CANCER PREVENTION PARTNERS

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2018 and 2017

NOTE B -- Summary of significant accounting policies (continued)

Reclassification of financial statements

Certain reclassifications have been made to the financial statements for the year ended December 31, 2017 to conform with the year ended December 31, 2018 financial statement presentation. Such reclassifications have no effect on changes in net assets as previously reported.

Use of estimates

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

Accounting pronouncement adopted

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (“ASU 2016-14”), which improves the current net asset classification requirements and the information presented in financial statements and notes about an entity’s liquidity, financial performance, and cash flows. The update replaces the requirement to present three classes of net assets with two classes, net assets with donor restrictions and net assets without donor restrictions. The update also removes the requirement to present or disclose the indirect method (reconciliation) if using the direct method for the statement of cash flows as well as added several additional enhanced disclosures to the notes. BCPP adopted this ASU for the year ended December 31, 2018. As noted above, BCPP management revised the expense allocation methodology for allocating indirect costs that benefit multiple functional areas for presentation in the Statement of Functional Expenses for the year ended December 31, 2018. The new expense allocation methodology was not retroactively applied to the year ended December 31, 2017.

In accordance with, ASU 2016-14, at December 31, 2017, \$307,223 of unrestricted net assets have been reclassified to net assets without donor restrictions and \$899,069 of temporarily restricted net assets have been reclassified to net assets with donor restrictions.

Recent accounting pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842) (“ASU 2016-02”), which increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements in the financial statements of lessees. This update is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The adoption is effective for BCPP for the year ending December 31, 2020. Management is currently evaluating the impact on the financial statements due to the provisions of ASU No. 2016-02.

BREAST CANCER PREVENTION PARTNERS

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2018 and 2017

NOTE B -- Summary of significant accounting policies (continued)

Recent accounting pronouncements (continued)

In November 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash (“ASU 2016-18”), which requires the statement of cash flows to explain the change during the period in the total cash, cash equivalents, and amounts generally described as a restricted cash or restricted cash equivalents. The adoption is effective for BCPP for the year ending December 31, 2019. Management is currently evaluating the impact on the financial statements due to the provisions of ASU No. 2016-18.

In June 2018, the FASB issued Accounting Standards Update (ASU) No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (“ASU 2018-08”). The amendments in this update should assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance, and also in determining whether a contribution is conditional. The adoption is effective for BCPP for the year ending December 31, 2019, for contributions received and for the year ending December 31, 2020, for contributions made. Management is currently evaluating the impact on the financial statements due to the provisions of ASU No. 2018-08.

NOTE C – Liquidity and availability of resources

BCPP’s financial assets available within one year of the Statement of Financial Position at December 31, 2018 for general expenditures are as follows:

	<u>2018</u>
Financial assets at year end:	
Cash and cash equivalents	\$ 678,516
Contributions and grants receivable, net	<u>515,911</u>
Total financial assets	<u>1,194,427</u>
Less amounts not available to be used within one year:	
Contributions receivable - due after one year, net	(190,631)
Restricted by donors - subject to time restrictions, non-current	(16,672)
Restricted by donors - program expenditures	<u>(358,190)</u>
Financial assets not available to be used within one year	<u>(565,493)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 628,934</u>

BREAST CANCER PREVENTION PARTNERS

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2018 and 2017

NOTE C – Liquidity and availability of resources (continued)

BCPP receives significant contributions and promises to give that are restricted by donors, some of which are central to its annual programmatic mission and are available for general operating expenditures. As part of BCPP’s liquidity management, BCPP has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. BCPP’s goal is to have cash on hand to meet 60 days of normal operating expenses. As more fully described in Note F, BCPP also maintains a line of credit commitment in the amount of \$100,000 which it could draw upon in the event of an unanticipated liquidity need.

NOTE D -- Contributions and grants receivable

Contributions and grants receivable consist of unconditional promises to give from multiple donors. The balances at December 31 consist of the following:

	2018	2017
pH Fund (multi-year grant)	\$ 300,000	\$ 125,000
California Breast Cancer Research Program	151,602	36,602
Park Foundation	40,000	-
University of California	11,568	60,036
Marisla Foundation	-	75,000
The John and Hilda Blaustein Foundation	-	60,000
Other donors	22,110	55,369
	525,280	412,007
Less present value discount for the pH Fund	(9,369)	-
Total	\$ 515,911	\$ 412,007

Contributions and grants receivable are due as follows:

<u>Years Ending December 31,</u>		
	2019	\$ 325,280
	2020	100,000
	2021	100,000
		525,280
Less present value discount		(9,369)
		\$ 515,911

BREAST CANCER PREVENTION PARTNERS

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2018 and 2017

NOTE D -- Contributions and grants receivable (continued)

Contributions and grants receivable due in one to five years at December 31, 2018 were \$200,000 and have been discounted to present value using a 2.51% rate. Contributions and grants receivable due in one to five years at December 31, 2017 were \$27,283 and were not discounted to present value because the discount was not material. The present value discount will be recognized in income as a contribution over the period from the date the promise is made to the earlier of the date of collection or the date it is due.

NOTE E -- Property and equipment

Property and equipment at December 31 consist of the following:

	<u>2018</u>	<u>2017</u>
Furniture, fixtures, website and other assets	\$ 105,526	\$ 112,263
Office equipment	116,547	124,933
Leasehold improvements	<u>34,757</u>	<u>34,757</u>
	256,830	271,953
Less accumulated depreciation and amortization	<u>(209,021)</u>	<u>(191,702)</u>
Property and equipment, net	<u>\$ 47,809</u>	<u>\$ 80,251</u>

Depreciation and amortization expense for the years ended December 31, 2018 and 2017 was \$35,044 and \$33,988, respectively.

NOTE F -- Bank line of credit

BCPP has a line of credit with a bank which provides a borrowing limit of up to \$100,000. The interest on the line is payable on a monthly basis, computed at prime rate plus 3.25% (8.75% and 7.75% at December 31, 2018 and 2017, respectively). There were no outstanding borrowings on the line of credit at December 31, 2018 and 2017, and no activity for the years ended December 31, 2018 and 2017.

BREAST CANCER PREVENTION PARTNERS

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2018 and 2017

NOTE G – Net assets with donor restrictions and net assets released from restrictions

Net assets with donor restrictions are available for the following at December 31:

	<u>2018</u>	<u>2017</u>
Capacity-building and strategic plan implementation	\$ 132,888	\$ 224,621
Business accountability campaigns	56,667	-
Science and education programs	137,552	274,386
Federal and state policy and programs	252,783	246,562
Leadership transition fund	99,747	103,500
Restricted for time only	<u>-</u>	<u>50,000</u>
Total net assets with donor restrictions	<u>\$ 679,637</u>	<u>\$ 899,069</u>

Net assets were released from donor restrictions during the years ended December 31, 2018 and 2017 by incurring expenses satisfying the purpose of the restriction, by the passage of time, or by the occurrence of other specific events as follows:

	<u>2018</u>	<u>2017</u>
Capacity-building and strategic plan implementation	\$ 91,733	\$ 221,540
Business accountability campaigns	23,333	92,500
Science and education programs	142,151	369,995
Federal and state policy and programs	257,530	270,155
Leadership transition fund	151,753	-
Restricted for time only	<u>50,000</u>	<u>45,833</u>
Net assets released from restrictions	<u>\$ 716,500</u>	<u>\$ 1,000,023</u>

BREAST CANCER PREVENTION PARTNERS

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2018 and 2017

NOTE H -- Lease obligations

Capital lease

BCPP entered into a capital lease agreement for the purchase of its telephone system in January 2013 under the terms of a five-year lease agreement that expired in February 2018. The initial present value of the minimum lease payments for the telephone system of \$23,936 has been capitalized in the financial statements and is included in office equipment (Note E). The lease required 60 monthly payments of \$458, including interest. The effective interest rate on the capital lease was 5.59%.

The asset held under the capital lease was amortized on the straight-line basis over 60 months, the life of the lease. Amortization of the asset is included in depreciation and amortization expense. Amortization expense was \$2,149 and \$3,836 for the years ended December 31, 2018 and 2017, respectively. Accumulated amortization on this equipment was \$23,936 and \$21,787 at December 31, 2018 and 2017, respectively.

A buyout option was included in the initial capital lease agreement and was exercised by BCPP on May 18, 2018. The cost to exercise the buyout option of \$3,013 has been capitalized in the financial statements and is included in office equipment (Note E).

Operating leases

BCPP leases its operating facilities in San Francisco, California under the terms of a lease agreement which was renewed in 2014 for an additional ten years, expiring on September 30, 2024. BCPP also leases equipment under the terms of an operating lease which expires in June 2020 with monthly payments of \$276.

Rent expense was \$246,419 and \$246,458 for the years ended December 31, 2018 and 2017, respectively.

Future minimum lease payments under the operating lease commitment for operating facilities and equipment are as follows:

<u>Years Ending December 31,</u>	<u>Facilities</u>	<u>Equipment</u>	<u>Total</u>
2019	211,353	3,312	214,665
2020	217,434	1,656	219,090
2021	223,509	-	223,509
2022	229,593	-	229,593
2023	235,677	-	235,677
Thereafter	180,180	-	180,180
	<u>\$ 1,297,746</u>	<u>\$ 4,968</u>	<u>\$ 1,302,714</u>

BREAST CANCER PREVENTION PARTNERS

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2018 and 2017

NOTE I -- Retirement plans

BCPP maintains a defined contribution 403(b) retirement plan for all employees. Employees are eligible to make elective contributions following the date of hire up to the maximum allowed by the Internal Revenue Code. BCPP does not make contributions to the plan.

BCPP has a Section 457(b) Deferred Compensation Plan (the "Plan") to permit certain key employees to defer receipt of current compensation in order to provide retirement benefits on behalf of such employees. The Plan is not intended to be a qualified plan under the provisions of the Internal Revenue Code. All compensation deferred under the Plan is held in the name of BCPP for the benefit of the participants. Participants' rights to receive the compensation deferred under this plan are subject to minimum vesting requirements. Contributions accrued to the Plan by BCPP for the years ended December 31, 2018 and December 31, 2017 were \$18,500 and \$18,000, respectively.

The President and Chief Executive Officer of BCPP retired on December 31, 2018 and the related deferred compensation will be paid out over three years.

NOTE J -- Subsequent events

On May 8, 2019, a new President and Chief Executive Officer joined BCPP.

The date to which events occurring after December 31, 2018 have been evaluated for possible adjustments to the financial statements or disclosure is June 12, 2019, which is the date on which the financial statements were available to be issued.