

***HERS Breast Cancer Foundation***

Financial Statements

June 30, 2018 and 2017

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
HERS Breast Cancer Foundation Fremont, California

I have reviewed the accompanying statement of financial position of HERS Breast Cancer Foundation (a California non-profit corporation) as of June 30, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended. A review primarily includes applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

### Management's Responsibility 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 designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.

### Accountant's Responsibility:

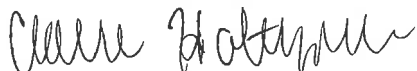
My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the review evidence obtained is sufficient and appropriate to provide a basis for this report.

### Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

As discussed in Note 2 to the financial statements, the statement of activities and statement of functional expenses for the year ended June 30, 2017 and certain related footnotes were determined to require material modification due to an accounting oversight. The 2017 results presented herein as part of these comparative financial statements have been restated to be in conformity with accounting principles generally accepted in the United States of America.



Claire Holtzmuller, CPA  
New York, NY

January 18, 2019

**HERS Breast Cancer Foundation  
Statement of Financial Position  
June 30, 2018 and 2017**

<b>Assets</b>	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and cash equivalents	\$ 127,888	\$ 140,338
Pledges receivable		
net of allowance for doubtful accounts of \$0	-	3,800
Trade receivables		
net of allowance for doubtful accounts of \$0	63,736	51,555
Short-term investments	61,642	77,244
Inventories	101,599	110,901
Prepaid expenses	9,592	6,374
	<u>364,457</u>	<u>390,212</u>
Total Current Assets		
Noncurrent Assets		
Long-term investments	20,334	2,568
Property and equipment	10,436	10,572
	<u>30,770</u>	<u>13,140</u>
Total Noncurrent Assets		
Total Assets	<u>\$395,227</u>	<u>\$403,352</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Current Liabilities		
Accounts payable	14,648	11,313
Accrued expenses	9,875	12,140
Sales tax payable	1,250	1,368
Deferred contributions	10,800	24,355
	<u>36,573</u>	<u>49,176</u>
Total Current Liabilities		
Total Liabilities	36,573	49,176
Net Assets		
Net assets without donor restrictions	<u>358,654</u>	<u>354,176</u>
Total Net Assets	<u>358,654</u>	<u>354,176</u>
Total Liabilities and Net Assets	<u>\$ 395,227</u>	<u>\$ 403,352</u>

See accompanying notes and independent accountant's review report.

**HERS Breast Cancer Foundation**  
**Statement of Activities**  
**For the years ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u> (Restated)
<b>Support and revenues without donor restrictions</b>		
Sales revenues		
Product revenues	\$ 569,008	\$ 560,306
Total Sales revenues	569,008	560,306
Fundraising income and contributions		
Contributions	124,544	180,937
Fundraising income	215,873	177,274
Contributions in-kind	45,310	12,250
Contributions of use of facilities	54,500	79,800
Total Fundraising income and contributions	440,227	450,261
Net investment income/(expense)		
Interest and dividend income		
net of investment expense	745	440
Realized gain/(loss)	4,984	244
Unrealized gain/(loss)	(3,695)	4,227
Net investment gain	2,034	4,911
Total support and revenues without donor restrictions	\$ 1,011,269	\$ 1,015,478
<b>Cost of goods sold and expenses</b>		
Cost of goods sold	351,674	355,585
Total Cost of goods sold	351,674	355,585
Expenses		
Program service	427,881	452,740
Fundraising	177,722	143,897
Management and general	49,514	24,472
Total Expenses	655,117	621,109
Total Cost of goods sold and expenses	1,006,791	976,694
Increase in net assets	4,478	38,784
Net assets at beginning of year	354,176	315,392
Net assets at end of year	<u>\$ 358,654</u>	<u>\$ 354,176</u>

See accompanying notes and independent accountant's review report.

**HERS Breast Cancer Foundation  
Statement of Functional Expenses  
For the year ended June 30, 2018**

	<b>Program Service</b>	<b>Fundraising</b>	<b>Management and General</b>	<b>Total</b>
Salaries and wages	\$ 270,141	\$ 45,354	\$ 37,292	\$ 352,787
Event production, facility costs and meals	-	114,428	-	114,428
Occupancy expense - contributed use of facilities	52,000	2,500	-	54,500
Payroll taxes and employee benefits	23,551	3,976	3,059	30,586
Professional services	18,512	2,482	1,909	22,903
Outside services - computer and software	10,199	1,722	1,325	13,246
Advertising	7,968	1,344	1,036	10,348
Office expense	6,180	1,043	1,025	8,248
Outside services - wig fitter and cosmetology	7,119	-	-	7,119
Payroll processing fees	3,805	642	494	4,941
Insurance - workers compensation	3,697	624	480	4,801
Printing and copying	3,665	619	476	4,760
Insurance - general liability	3,549	599	460	4,608
Depreciation	3,823	-	118	3,941
Occupancy expense - storage unit	2,726	460	354	3,540
Postage and shipping	2,546	512	392	3,450
Telephone	2,575	435	335	3,345
Travel	2,549	430	331	3,310
Meals and entertainment	1,672	282	219	2,173
Training and education	1,079	182	141	1,402
Bank charges	405	68	53	526
Taxes and licenses	120	20	15	155
Repairs & maintenance	-	-	-	-
<b>Total Expenses</b>	<b>\$ 427,881</b>	<b>\$ 177,722</b>	<b>\$ 49,514</b>	<b>\$ 655,117</b>

See accompanying notes and independent accountant's review report.

**HERS Breast Cancer Foundation  
Statement of Functional Expenses  
For the year ended June 30, 2017 (Restated)**

	<b>Program Service</b>	<b>Fundraising</b>	<b>Management and General</b>	<b>Total</b>
Salaries and wages	\$ 270,761	\$ 42,950	\$ 17,821	\$ 331,532
Event production, facility costs and meals	-	71,263	-	71,263
Occupancy expense - contributed use of facilities	72,600	7,200	-	79,800
Payroll taxes and employee benefits	22,773	3,620	1,551	27,944
Professional services	14,688	3,920	977	19,585
Outside services - computer and software	14,303	3,814	954	19,071
Advertising	6,425	1,714	428	8,567
Office expenses	4,586	1,222	306	6,114
Outside services - wig fitter and cosmetology	6,398	-	-	6,398
Payroll processing fees	4,135	1,101	276	5,512
Insurance - workers compensation	7,406	1,177	504	9,087
Printing and copying	3,537	944	236	4,717
Insurance - general liability	657	176	43	876
Depreciation	6,591	-	179	6,770
Occupancy expense - storage unit	2,655	708	177	3,540
Postage and shipping	2,465	686	171	3,322
Telephone	4,127	1,100	275	5,502
Travel	5,064	1,350	337	6,751
Meals and entertainment	1,234	328	83	1,645
Training and education	1,528	408	101	2,037
Bank charges	158	42	11	211
Taxes and licenses	124	34	7	165
Repairs & maintenance	525	140	35	700
<b>Total Expenses</b>	<b>\$ 452,740</b>	<b>\$ 143,897</b>	<b>\$ 24,472</b>	<b>\$ 621,109</b>

See accompanying notes and independent accountant's review report.

**HERS Breast Cancer Foundation**  
**Statement of Cash Flows**  
**For the years ended June 30, 2018 and 2017**

<b>Cash Flows from Operating Activities</b>	<u>2018</u>	<u>2017</u>
Increase in net assets	\$ 4,478	\$ 38,784
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	3,941	6,770
Investment Fees	711	654
Interest and dividend income	(1,456)	(1,094)
Net realized gains on investments	(4,984)	(244)
Net unrealized (gain)/loss on investments	3,695	(4,227)
Loss on sale of fixed assets	222	-
Changes in operating assets and liabilities		
(Increase)/Decrease in pledges receivable	3,800	442
(Increase)/Decrease in trade receivables	(12,181)	5,024
(Increase)/Decrease in inventory	9,302	23,301
(Increase)/Decrease in prepaid expenses	(3,218)	(5,793)
Increase/(Decrease) in accounts payable	3,335	(9,671)
Increase/(Decrease) in accrued expenses	(2,265)	(1,106)
Increase/(Decrease) in sales tax payable	(118)	219
Increase/(Decrease) in deferred contributions	(13,555)	3,586
Net cash used by operating activities	(8,293)	56,645
<b>Cash Flows from Investing Activities</b>		
Increase in investments	(130)	(15)
Purchase of property and equipment	(4,027)	(5,759)
Net cash used by investing activities	(4,157)	(5,774)
<b>Net increase/(decrease) in cash and cash equivalents</b>	(12,450)	50,871
Cash and cash equivalents at beginning of year	<u>140,338</u>	<u>89,467</u>
Cash and cash equivalents at end of year	<u>\$ 127,888</u>	<u>\$ 140,338</u>
Supplemental disclosure of cash flow information:		
Noncash investing activities:		
Short-term investment in certificate of deposit reinvested as long-term	20,212	2,553

See accompanying notes and independent accountant's review report.



# HERS Breast Cancer Foundation Notes to the Financial Statements June 30, 2018

## 1. Purpose and Summary of Significant Accounting Policies

### Purpose

HERS Breast Cancer Foundation (“the Organization”) was established in 1998 and is a California corporation operating as a not-for-profit organization under Internal Revenue Code 501(c)(3). The Organization operates in two locations, Washington Hospital in Fremont, California and Stanford Health Care - ValleyCare Hospital in Pleasanton, California and serves the communities of San Jose, Fremont, and the San Francisco Bay Area. The Organization is publicly supported through individuals’ contributions, gifts from other organizations and fundraising events like the Annual 5k Walk & 5k/10k Walk/Run and Community Expo and the People with a Purpose gala.

### Major Program

The Organization’s mission is to support all individuals healing from breast cancer by providing post-surgical products and services, regardless of financial status. The Organization operates three assistance programs: WE Support, YOU Survive, the Lymphedema Project, and Hair With Care. The programs provide bras, prostheses, support camisoles, compression garments, and wig and other head coverings to under-served survivors.

### Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting to conform to generally accepted accounting principles as applicable to not-for-profit organizations.

### Financial Statement Presentation

Financial statement presentation follows the Not-For-Profit Entities topics of the Financial Accounting Standards Codification. Net assets, revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein have been classified and are reported as follows:

**Net assets without donor restrictions** – Net assets not subject to donor-imposed stipulations; donor-restricted contributions whose restrictions are met in the same reporting period; and endowment net assets designated by the Board of Directors or management for specific purposes (known as quasi-endowment net assets.)

**Net assets with donor restrictions** – Net assets subject to donor-imposed stipulations that specify a use for the contributed asset that is more specific than broad limits resulting from the nature of the Organization, the environment in which it operates, or the purpose specified for the Organization.

As of June 30, 2018 and as of June 30, 2017, the Organization did not have net assets with donor restrictions.

See independent accountant’s review report.

**HERS Breast Cancer Foundation  
Notes to the Financial Statements  
June 30, 2018**

**1. Purpose and Summary of Significant Accounting Policies (continued)**

**Contributions**

Cash and noncash contributions are recognized upon receipt as revenues. For financial reporting purposes, the Organization distinguishes between contributions with donor restrictions and contributions without donor restrictions. Contributions on which donors have imposed restrictions which limit the use of the donated assets are reported as restricted. When such donor-imposed restrictions are met in subsequent reporting periods, net assets are reclassified and reported as net assets without donor restrictions. Contributed assets which are subject to perpetual donor restrictions and from which only the current income may be used are classified as net assets with donor restrictions. Contributed assets for which donors have not stipulated restrictions, as well as contributions on which donors have placed restrictions which are met within the same reporting period, are reported as contributions without donor restrictions. Noncash securities and in-kind contributions are reported at their fair value upon receipt. Related expenses for in-kind contributions are reported in their various applicable expense accounts. Contributions of services are recognized if the services received (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 provided by donation.

Unconditional promises to give (“pledges”) on which payments are receivable in future periods are reported as contribution income and as receivables. Pledges of contributions of the use of facilities are reported as contribution income according to the terms of the lease agreement. Related facility rent expense is reported on a month to month basis.

Gifts of land, buildings, and equipment are reported as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions on use and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulation, the Organization reports expiration of donor restrictions when the donated or acquired long-lived assets are placed in service.

For the years ended June 30, 2018 and June 30, 2017, the Organization did not receive any restricted contributions.

**Fundraising Income**

Fundraising income consists of funds received in support of an event such as the Annual 5k Walk & 5k/10k Walk/Run and Community Expo. Support received for a future event is recorded as deferred contributions and will be recognized in revenue upon the occurrence of the event.

**Product Revenues**

Product revenues are recognized upon sale of the product to the customer at each of its store locations.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash in bank and liquid investments purchased with an original maturity of 90 days or less at the date of purchase. Cash equivalents are defined within Level 1 of the fair value hierarchy because they are valued using quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency.

See independent accountant’s review report.

**HERS Breast Cancer Foundation  
Notes to the Financial Statements  
June 30, 2018**

**1. Purpose and Summary of Significant Accounting Policies (continued)**

**Concentration of Credit Risk**

The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. As of June 30, 2018 and June 30, 2017, there were no cash deposits in excess of the federally-insured limit. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk.

**Trade Receivables**

Trade receivables primarily represent amounts receivable from Medicare. Management evaluates the collectability of its accounts receivable and establishes an allowance for doubtful accounts for those accounts that are deemed not likely to be collected. As of June 30, 2018 and June 30, 2017, no allowance was deemed necessary.

**Pledges Receivable**

Pledges are discounted to present value using a discount rate commensurate with the risk involved. Pledges for the Annual 5k Walk & 5k/10k Walk/Run and Community Expo are solicited from individual walkers and turned in on pledge sheets the day of the Walk/Run. The Organization keeps track of individual pledges through its database. Management evaluates the collectability of its pledges receivable and establishes an allowance for doubtful accounts for those accounts that are deemed not likely to be collected. As of June 30, 2018 and June 30, 2017, no allowance was deemed necessary.

**Inventories**

Inventories consist of products for sale at the Organization's two locations and are accounted for at average cost.

**Investments**

The Organization reports its equity securities with readily determinable fair market values and all debt securities at fair market value with unrealized gains and losses included in the Statement of Activities. All of the Organization's investments are traded on national exchanges. Accordingly, the exchange's quoted price determines fair market value. All gains and losses on investments are reported as increases or decreases to net assets without donor restrictions unless required by donors to be reinvested in net assets with donor restrictions.

**Property and Equipment**

Property and equipment are stated at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The Organization has adopted a capitalization policy for assets with values greater than \$500 and an economic useful life of more than one year. Depreciation of property and equipment is computed using the straight-line method and a three to five year estimated useful life. Purchased artwork is capitalized and not depreciated.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

See independent accountant's review report.

**HERS Breast Cancer Foundation  
Notes to the Financial Statements  
June 30, 2018**

**1. Purpose and Summary of Significant Accounting Policies (continued)**

Advertising

Advertising costs are expensed as incurred.

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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the Organization's program and supporting services have been summarized on a functional basis. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses such as salaries and benefits of non-store workers are allocated on the basis of employee estimates of time and effort. General advertising, office and other supporting expenses are also allocated based on these time estimates to program, fundraising, and management & general expense categories.

Income Taxes

The Organization has received favorable determination letters indicating it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Additionally, it has been classified as "other than private foundation."

The Organization reports a portion of its product sales as unrelated business income for income tax purposes. The Organization's net operating loss carryforward deferred asset is fully offset by a valuation allowance. Therefore, no provision is reflected in the financial statements.

Uncertain Tax Positions

Management has determined that the Organization does not have any uncertain tax positions or associated unrecognized benefits that materially impact the financial statements or related disclosures.

See independent accountant's review report.

**HERS Breast Cancer Foundation  
Notes to the Financial Statements  
June 30, 2018**

**1. Purpose and Summary of Significant Accounting Policies (continued)**

Fair Value of Financial Instruments

The Company measures its financial assets and liabilities at fair value based on exit price as defined by the authoritative guidance on fair value measurements, which represents the amount that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value may be based on assumptions that market participants would use in pricing an asset or liability.

Investments are recorded using a three-level hierarchy for disclosure of fair value measurements. The valuation hierarchy is based on the transparency of inputs to the valuation of an asset or 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.

**2. Restatement of Financial Results**

The Organization has restated the statement of activities and statement of functional expenses for the year ended June 30, 2017 due to an accounting oversight that resulted in the exclusion of \$13,000 of in-kind contribution revenue and expense related to one of the store locations which is donated for the Organization's use. The use of the store, out of which the Organization operates in Stanford Health Care - ValleyCare Hospital in Pleasanton, California, has a fair value of \$13,000 per year which was not included in Fundraising income and contributions under the line item "Contributions of use of facilities" nor was it included in Program service expense under the line item "Occupancy expense - contributed use of facilities" in the fiscal year 2017 financial statements. As these are fully offsetting revenue and expenses, the misstatement resulted in no change to net income or net assets of the prior or current fiscal year.

**3. Liquidity**

As of June 30, 2018, the Organization had \$253,266 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$127,888, trade receivables of \$63,736, and short-term investments of \$61,642. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The trade receivables are subject to uncertainty in the timing of collection, but the majority of the balance is expected to be collected within one year. The Organization has the intention to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

See independent accountant's review report.

**HERS Breast Cancer Foundation  
Notes to the Financial Statements  
June 30, 2018**

**4. Investments**

All investments are classified as Level 1. Investments are presented in the financial statements at fair market value as of June 30, 2018, as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain/(Loss)</u>
Short-term investments			
Equity and fixed income securities	\$ 55,296	\$ 59,066	\$ 3,770
Certificates of Deposit	<u>2,576</u>	<u>2,576</u>	<u>-</u>
	<u>\$ 57,872</u>	<u>\$ 61,642</u>	<u>\$ 3,770</u>
Long-term investments			
Certificates of Deposit	<u>20,334</u>	<u>20,334</u>	<u>-</u>
	<u>\$ 20,334</u>	<u>\$ 20,334</u>	<u>\$ -</u>

Investments, presented at fair market value as of June 30, 2017, are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain/(Loss)</u>
Short-term investments			
Equity and fixed income securities	\$ 55,296	\$ 57,032	\$ 1,736
Certificates of Deposit	<u>20,212</u>	<u>20,212</u>	<u>-</u>
	<u>\$ 75,508</u>	<u>\$ 77,244</u>	<u>\$ 1,736</u>
Long-term investments			
Certificates of Deposit	<u>2,568</u>	<u>2,568</u>	<u>-</u>
	<u>\$ 2,568</u>	<u>\$ 2,568</u>	<u>\$ -</u>

The following summarizes the investment return for the years ended June 30, 2018 and June 30, 2017:

	<u>2018</u>	<u>2017</u>
Dividends Earned	\$ 1,456	\$ 1,094
Investment Fees	(119)	(112)
Administrative Fees	(592)	(542)
Realized Gain	4,984	244
Unrealized Gain/(Loss)	<u>(3,695)</u>	<u>4,227</u>
	<u>\$ 2,034</u>	<u>\$ 4,911</u>

See independent accountant's review report.

**HERS Breast Cancer Foundation  
Notes to the Financial Statements  
June 30, 2018**

**5. Property and Equipment**

Property and equipment are summarized by major classifications as follows:

	2017	2018
Office equipment and furniture	\$ 38,509	\$ 36,932
Software	4,881	8,957
Purchased artwork	5,000	5,000
	48,390	50,889
Less accumulated depreciation	(37,954)	(40,317)
Total property and equipment, net	\$ 10,436	\$ 10,572

**6. Accrued Expenses**

Accrued expenses of \$9,875 as of June 30, 2018 and \$12,140 as of June 30, 2017 consisted of accrued paid time off.

**7. Deferred Contributions**

Deferred contributions of \$10,800 as of June 30, 2018 and \$24,355 as of June 30, 2017, consisted of registrations and sponsorships for the subsequent fiscal year's Annual 5k Walk & 5k/10k Walk/Run and Community Expo fundraising event which occurs in September.

**8. Fair Value of Financial Instruments**

As of June 30, 2018 and June 30, 2017, the carrying amounts reflected in the statement of financial position for cash and cash equivalents, pledges receivable, trade receivables and accounts payable, approximate their respective fair values due to the short maturities of those instruments.

**9. Operating Leases (Contributions of Use of Facilities)**

In February 2004 the Organization entered into a lease agreement with its landlord for the Fremont facility. This lease is a month-to-month lease with no termination date. There is no rent charged for the use of the facility. A fair market value for the use of the facility is \$3,250 per month. The contribution revenue and rent expense associated with this lease for the year ended June 30, 2018 was \$39,000. The contribution revenue and rent expense associated with this lease for the year ended June 30, 2017 was \$31,800.

The Organization also entered into a lease agreement with its landlord for the Pleasanton store. This lease is a month-to-month lease with no termination date. There is no rent charged for the use of the facility. A fair market value for the use of the facility is \$1,083 per month. The contribution revenue and rent expense associated with this lease for the year ended June 30, 2018 was \$13,000. The contribution revenue and rent expense associated with this lease for the year ended June 30, 2017 was \$13,000.

The Organization used an office in Pleasanton for the first four months of the fiscal year that was donated by a board member on a month-to-month basis. A fair market value for the use of the office is \$625 per month. The contribution revenue and rent expense associated with this lease for the year ended June 30, 2018 was \$2,500. The contribution revenue and rent expense associated with this lease for the year ended June 30, 2017 was \$7,200.

See independent accountant's review report.

**HERS Breast Cancer Foundation  
Notes to the Financial Statements  
June 30, 2018**

**9. Operating Leases (Contributions of Use of Facilities) (continued)**

The Organization previously operated out of a third location at a hospital in Palo Alto, California. There was no license fee charged for the use of the facility. A fair market value for the use of the facility was \$2,317 per month. The contribution revenue and rent expense associated with this lease for the year ended June 30, 2017 was \$27,800. This location was closed as of June 30, 2017.

**10. Income Taxes**

As of June 30, 2018, the Organization had net operating loss carryforwards from unrelated business losses of approximately \$45,033 for federal and \$9,499 for state tax purposes available to reduce future taxable income, if any. If not utilized, these carryforwards will begin expiring in 2026 for federal tax purposes. As of June 30, 2018, the non-current deferred tax asset consisted of these net operating loss carryforwards. Based on the available objective evidence, management cannot conclude it is more likely than not that the net deferred tax asset will be realizable. Accordingly, the Company has provided a full valuation allowance against its deferred asset.

**11. Concentration of Income from Events**

For the year ended June 30, 2018 two primary fundraising events contributed 60% of total fundraising income and contributions, including in-kind contributions: the Annual 5k Walk & 5k/10k Walk/Run and Community Expo contributed 28% and the People with a Purpose gala contributed 32%. For the year ended June 30, 2017 these two fundraising events contributed approximately 45% of total fundraising income and contributions, including in-kind contributions: the Walk/Run contributed 20% and the People with a Purpose luncheon contributed 25%.

**12. Subsequent Events**

Management has evaluated events occurring after June 30, 2018 and through the date the financial statements were available for issuance, which is the date of the independent accountants' review report, for items that may require adjustment to or disclosure in the financial statements. Based upon this evaluation, there were no subsequent events that require disclosure.

See independent accountant's review report.