

***HERS Breast Cancer Foundation***

Financial Statements

June 30, 2021 and 2020

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**Letter from the Executive Director:**

June 15, 2022

The following financial statements and accompanying notes were reviewed by a Certified Public Accountant and were found to materially conform with accounting principles generally accepted in the United States (GAAP). Please be aware that a review is substantially less in scope than an audit.

Any questions can be directed to me or Claire Holtzmuller, CPA, at [c.holtzmuller@gmail.com](mailto:c.holtzmuller@gmail.com)

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HERS Breast Cancer Foundation  
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**HERS Breast Cancer Foundation**  
**Statement of Financial Position**  
**June 30, 2021 and 2020**

<b>Assets</b>	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and cash equivalents	\$ 343,523	\$269,879
Pledges receivable		
net of allowance for doubtful accounts of \$0	5,500	15,250
Trade receivables		
net of allowance for doubtful accounts of \$0	43,135	30,644
Short-term investments	73,304	60,853
Inventories	100,783	100,351
Prepaid expenses	<u>3,589</u>	<u>14,195</u>
Total Current Assets	569,834	491,172
Noncurrent Assets		
Long-term investments	2,610	2,584
Property and equipment	<u>12,817</u>	<u>21,365</u>
Total Noncurrent Assets	<u>15,427</u>	<u>23,949</u>
Total Assets	<u>\$ 585,261</u>	<u>\$515,121</u>
 <b>Liabilities and Net Assets</b>		
Liabilities		
Current Liabilities		
Accounts payable	\$ 8,003	\$ 5,688
Accrued expenses	41,175	21,685
Sales tax payable	569	362
Deferred contributions	<u>5,010</u>	<u>22,450</u>
Total Current Liabilities	<u>54,757</u>	<u>50,185</u>
Loan payable	<u>82,000</u>	<u>82,200</u>
Total Liabilities	136,757	132,385
Net Assets		
Net assets without donor restrictions	<u>448,504</u>	<u>382,736</u>
Total Net Assets	<u>448,504</u>	<u>382,736</u>
Total Liabilities and Net Assets	<u>\$ 585,261</u>	<u>\$515,121</u>

See accompanying notes to the financial statements.

**HERS Breast Cancer Foundation  
Statement of Functional Expenses  
For the year ended June 30, 2021**

<b>Support and revenues without donor restrictions</b>	2021	2020
Sales revenues		
Product revenues	\$ 511,424	575,902
Total Sales revenues	511,424	575,902
Fundraising income and contributions		
Contributions	94,424	68,209
Fundraising income	263,643	271,584
Contributions in-kind	60,000	83,650
Contributions of use of facilities	81,000	81,000
Total Fundraising income and contributions	499,067	504,443
Total support and revenues without donor restrictions	\$ 1,010,491	1,080,345
<b>Cost of goods sold and expenses</b>		
Cost of goods sold	300,881	364,525
Total Cost of goods sold	300,881	364,525
Expenses		
Program service	467,540	476,902
Fundraising	174,174	204,747
Management and general	96,780	90,915
Total Expenses	738,494	772,564
Total Cost of goods sold and expenses	1,039,374	1,137,089
<b>Other Income (Expense)</b>		
Net investment income/(expense)		
Interest and dividend income		
net of investment expense	837	798
Realized gain/(loss)	12,493	(1,143)
Unrealized gain/(loss)	(879)	893
Net investment gain	12,451	548
Gain on forgiveness of loan	82,200	-
Increase in net assets	65,768	(56,196)
Net assets at beginning of year	382,736	438,932
Net assets at end of year	\$ 448,504	382,736

See accompanying notes to the financial statements.

**HERS Breast Cancer Foundation  
Statement of Functional Expenses  
For the year ended June 30, 2021**

	<b>Program Service</b>	<b>Fundraising</b>	<b>Management and General</b>	<b>Total</b>
Salaries and wages	\$273,931	\$ 52,200	\$ 69,169	\$ 395,300
Event production, facility costs and meals	-	100,868	-	\$ 100,868
Occupancy expense - contributed use of facilities	81,000	-	-	\$ 81,000
Payroll taxes and employee benefits	29,845	5,542	7,248	\$ 42,635
Professional services	21,435	3,980	5,204	\$ 30,619
Outside services - computer and software	10,698	1,987	2,596	\$ 15,281
Office expense	9,989	1,855	2,427	\$ 14,271
Insurance - workers compensation	4,000	742	971	\$ 5,713
Advertising	5,607	1,042	1,364	\$ 8,013
Depreciation	5,983	1,111	1,454	\$ 8,548
Telephone	5,693	1,057	1,383	\$ 8,133
Insurance - general liability	3,306	614	805	\$ 4,725
Travel	1,734	322	423	\$ 2,479
Postage and shipping	4,163	971	1,270	\$ 6,404
Printing and copying	3,566	662	866	\$ 5,094
Occupancy expense - storage unit	2,478	460	602	\$ 3,540
Training and education	2,235	414	542	\$ 3,191
Meals and entertainment	1,340	248	326	\$ 1,914
Bank charges	477	89	115	\$ 681
Taxes and licenses	60	10	15	\$ 85
Total Expenses	<u>\$467,540</u>	<u>\$ 174,174</u>	<u>\$ 96,780</u>	<u>\$ 738,494</u>

See accompanying notes to the financial statements.

**HERS Breast Cancer Foundation  
Statement of Functional Expenses  
For the year ended June 30, 2020**

	<b>Program Service</b>	<b>Fundraising</b>	<b>Management and General</b>	<b>Total</b>
Salaries and wages	\$277,239	\$ 55,078	\$ 63,683	\$ 396,000
Event production, facility costs and meals	-	125,839	-	125,839
Occupancy expense - contributed use of facilities	81,000	-	-	81,000
Payroll taxes and employee benefits	28,351	5,670	6,480	40,501
Professional services	23,803	4,761	5,439	34,003
Outside services - computer and software	12,757	2,553	2,917	18,227
Office expense	7,953	1,591	1,816	11,360
Insurance - workers compensation	7,818	1,564	1,786	11,168
Advertising	6,913	1,383	1,581	9,877
Depreciation	6,205	1,240	1,418	8,863
Telephone	5,734	1,147	1,311	8,192
Insurance - general liability	4,600	920	1,051	6,571
Travel	3,678	736	840	5,254
Postage and shipping	3,406	781	892	5,079
Printing and copying	2,484	497	569	3,550
Occupancy expense - storage unit	2,478	496	566	3,540
Training and education	1,483	294	339	2,116
Meals and entertainment	556	110	126	792
Bank charges	285	55	64	404
Taxes and licenses	159	32	37	228
Total Expenses	<u>\$476,902</u>	<u>\$ 204,747</u>	<u>\$ 90,915</u>	<u>\$ 772,564</u>

See accompanying notes to the financial statements.

**HERS Breast Cancer Foundation**  
**Statement of Cash Flows**  
**For the years ended June 30, 2021 and 2020**

<b>Cash Flows from Operating Activities</b>	2021	2020
Increase in net assets	\$ 65,768	\$ (56,196)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	8,548	8,863
Investment Fees	864	742
Interest and dividend income	(1,702)	(1,540)
Net realized (gain)/loss on investments	(12,493)	1,143
Net unrealized (gain)/loss on investments	879	(893)
Gain on extinguishment of debt	(82,200)	-
Changes in operating assets and liabilities		
(Increase)/Decrease in pledges receivable	9,750	(12,750)
(Increase)/Decrease in trade receivables	(12,491)	36,739
(Increase)/Decrease in inventory	(432)	2,455
(Increase)/Decrease in prepaid expenses	10,606	5,415
Increase/(Decrease) in accounts payable	2,315	(3,803)
Increase/(Decrease) in accrued expenses	19,490	4,350
Increase/(Decrease) in sales tax payable	207	(873)
Increase/(Decrease) in deferred contributions	(17,440)	11,545
Net cash used by operating activities	(8,331)	(4,803)
<b>Cash Flows from Investing Activities</b>		
Redemption (purchase) of investments	(26)	20,395
Purchase (sale) of property and equipment	-	(2,591)
Net cash used by investing activities	(26)	17,804
<b>Cash Flows from Financing Activities</b>		
Proceeds from loan	82,000	82,200
Net cash used by investing activities	82,000	82,200
<b>Net increase/(decrease) in cash and cash equivalents</b>	73,643	95,201
Cash and cash equivalents at beginning of year	269,879	174,678
Cash and cash equivalents at end of year	\$ 343,523	\$ 269,879
Supplemental disclosure of cash flow information:		
Noncash financing activities:		
Gain from extinguishment of PPP loan	82,200	-

See accompanying notes to the financial statements.



# HERS Breast Cancer Foundation Notes to the Financial Statements June 30, 2021

## 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 three locations, Washington Hospital in Fremont, California, Stanford Health Care - ValleyCare Hospital in Pleasanton, California and Kaiser Permanente in San Leandro, 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. In addition, HERS provides financial assistance in the form of co-pay write-offs. For patients with insurance whose co-pays are financially burdensome, the organization’s Insurance Write-Off program covers those costs.

### 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, 2021 and 2020, the Organization had no net assets with donor restrictions.

# **HERS Breast Cancer Foundation Notes to the Financial Statements June 30, 2021**

## **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, 2021 and 2020, the Organization did not receive any restricted contributions.

### Fundraising Income

Fundraising income consists of funds received in support of an event or campaign 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 when control of the product is transferred 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.

# **HERS Breast Cancer Foundation Notes to the Financial Statements June 30, 2021**

## **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, 2021 and 2020, 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, 2021 and 2020, no allowance was deemed necessary.

### Pledges Receivable

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, 2021 and 2020, no allowance was deemed necessary.

### Inventories

Inventories consist of products for sale at the Organization's store 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 exchanges' 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 \$1,000 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.

**HERS Breast Cancer Foundation  
Notes to the Financial Statements  
June 30, 2021**

**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.

# **HERS Breast Cancer Foundation Notes to the Financial Statements June 30, 2021**

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

### Fair Value of Financial Instruments

The Organization 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. COVID-19 Impact**

COVID-19 has impacted the Organization in several ways, including unforeseen expenditures on Personal Protective Equipment (PPE) in addition to more durable protective equipment such as safety barriers and air purifiers. The Organization has continued to support its patients throughout the pandemic.

COVID-19 continued to impact in-person events including the PWP gala and Walk/Run event.

## **3. Recently Adopted Accounting Pronouncements**

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606) which supersedes the revenue recognition requirements in Accounting Standards Codification 605 and establishes a new revenue standard based on the principle that revenue is recognized to depict the transfer of control of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The FASB later issued ASU 2020-05 which made ASC 606 effective for fiscal years beginning after December 15, 2019 for private companies and not-for-profit entities that have not issued financial statements that reflect the new standard as of June 3, 2020. The adoption of this standard did not have a significant impact on the Company's financial statements due to the nature of the Company's revenues.

In February 2016, the FASB issued ASU 2016-02 Leases (Topic 842) which requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases, along with additional qualitative and quantitative disclosures. The FASB later issued ASU 2020-05 which made ASC 842 effective for fiscal years beginning after December 15, 2021 for private companies and not-for-profit entities that have not issued financial statements that reflect the new standard as of 3 June 2020. The adoption of this standard did not have a significant impact on the Company's financial statements as all leases are short-term in nature or without fixed payments.

**HERS Breast Cancer Foundation  
Notes to the Financial Statements  
June 30, 2021**

**4. Liquidity**

As of June 30, 2021, the Organization had \$465,462 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$343,523, pledges receivable of \$5,500, trade receivables of \$43,135, and short-term investments of \$73,304. 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.

**5. Investments**

All investments are classified as Level 1. Investments are presented in the financial statements at fair market value as of June 30, 2021, as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain/(Loss)</u>
Short-term investments			
Equity and fixed income securities	\$ 55,296	\$ 73,304	\$ 18,008
Certificates of Deposit	-	-	-
	<u>\$ 55,296</u>	<u>\$ 73,304</u>	<u>\$ 18,008</u>
Long-term investments			
Certificates of Deposit	2,584	2,610	26
	<u>\$ 2,584</u>	<u>\$ 2,610</u>	<u>\$ 26</u>

**HERS Breast Cancer Foundation  
Notes to the Financial Statements  
June 30, 2021**

Investments, presented at fair market value as of June 30, 2020, 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	\$ 60,853	\$ 5,557
Certificates of Deposit	-	-	-
	<u>55,296</u>	<u>\$ 60,853</u>	<u>\$ 5,557</u>
Long-term investments			
Certificates of Deposit	2,584	2,584	-
	<u>\$ 2,584</u>	<u>\$ 2,584</u>	<u>\$ -</u>

The following summarizes the investment return for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest & Dividends Earned	\$ 1,702	\$ 1,540
Investment Fees	(196)	(136)
Administrative Fees	(668)	(606)
Realized Gain/(Loss)	12,493	(1,143)
Unrealized Gain/(Loss)	(879)	893
	<u>\$ 12,452</u>	<u>\$ 548</u>

**6. Property and Equipment**

Property and equipment are summarized by major classifications as follows:

	<u>2021</u>	<u>2019</u>
Office equipment and furniture	\$ 31,394	\$ 31,394
Software	15,422	15,422
Purchased artwork	5,000	5,000
	<u>51,816</u>	<u>51,816</u>
Less accumulated depreciation	(38,999)	(30,451)
Total property and equipment, net	<u>\$ 12,817</u>	<u>\$ 21,365</u>

**7. Accrued Expenses**

Accrued expenses of 41,175 as of June 30, 2021 and \$21,685 as of June 30, 2020 consisted of accrued paid time off and bonuses.

# **HERS Breast Cancer Foundation Notes to the Financial Statements June 30, 2021**

## **8. Deferred Contributions**

Deferred contributions of \$5,010 as of June 30, 2021 and \$22,450 as of June 30, 2020, 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.

## **9. Paycheck Protection Program**

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted which created the Paycheck Protection Program (PPP), offering cash flow assistance to nonprofit and small business employers through guaranteed loans for expenses incurred between February 15, 2020 and December 31, 2020. These loans are eligible for forgiveness of the principal and accrued interest to the extent that proceeds are used to cover eligible payroll costs. The Organization received a PPP loan of \$82,200 on May 6, 2020 and recorded this as a loan in long-term liabilities. In March 2021, the loan was forgiven and the Organization recorded a gain on the extinguishment of the debt in Other Income. The Organization received a second PPP loan of \$82,000 in March 2021 and recorded the loan in long-term liabilities. The Organization expects to apply for forgiveness of this loan and will record a gain on the extinguishment of debt upon approval.

## **10. Fair Value of Financial Instruments**

As of June 30, 2021 and 2020, 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.

## **11. Operating Leases (Contributions of Use of Facilities)**

In February 2004 the Organization entered into a lease agreement with its landlord for the Fremont facility. The lease has been subject to amendments to extend the agreement; the current second amendment to the lease will be eligible for renewal on December 31, 2025. There is no rent charged for the use of the facility. A fair market value for the use of the facility was \$4,000 per month. The contribution revenue and rent expense associated with this lease for the year ended June 30, 2021 and 2020 was \$48,000.

The Organization also entered into a lease agreement with its landlord for the Pleasanton store. This lease is a multi-year agreement and will be eligible for renewal on October 31, 2021. There is no rent charged for the use of the facility. A fair market value for the use of the facility was \$1,500 per month. The contribution revenue and rent expense associated with this lease for the year ended June 30, 2021 and 2020 was \$18,000.

The Organization opened a store on January 1<sup>st</sup>, 2019 at a Kaiser Foundation hospital in San Leandro, California. There is no rent charged for the use of the facility and a multi-year lease agreement is in place. That agreement will be eligible for renewal on December 31, 2022. A fair market value for the use of the facility was \$1,250 per month. The contribution revenue and rent expense associated with this lease for the year ended June 30, 2021 and 2020 was \$15,000.



**HERS Breast Cancer Foundation  
Notes to the Financial Statements  
June 30, 2021**

**12. Income Taxes**

As of June 30, 2021, the Organization had net operating loss carryforwards from unrelated business losses of approximately \$48,000 for federal and \$12,000 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, 2020, 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 Organization has provided a full valuation allowance against its deferred asset.

**13. Concentration of Income from Events**

For the year ended June 30, 2021 two primary fundraising events contributed 52% of total fundraising income and contributions, including in-kind contributions: the Annual 5k Walk & 5k/10k Walk/Run and Community Expo contributed 18% and the People with a Purpose gala contributed 34%. For the year ended June 30, 2020 these two fundraising events contributed approximately 44% of total fundraising income and contributions, including in-kind contributions: the Walk/Run contributed 27% and the People with a Purpose gala contributed 17%.

**14. Subsequent Events**

Management has evaluated events occurring after June 30, 2021 and through the date the financial statements were available for issuance, which is the date of the executive director's letter, for items that may require recognition or disclosure in the financial statements. Based upon this evaluation, there were no subsequent events that require disclosure except as follows.

On November 4, 2021, the Organization received notification of approval of its application for forgiveness of its second PPP loan described in Note 9 above. The Organization will record a gain on extinguishment of the debt in Other Income in fiscal year 2022.

On October 31, 2021, the lease for the Pleasanton store ended as the landlord needed to repurpose the space. In April 2022 the Organization signed an agreement for a new space at CommonPoint, a nonprofit coworking space in Livermore, California, operated by the Tri-Valley Nonprofit Alliance. The Organization has agreed to pay \$525 per month in rent on a month-to-month basis.