



Financial Statements

For the Nineteen Months Ended July 31, 2020

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## **Independent Auditor's Report**

**To the Board of Directors  
Bright Pink NFP  
Chicago, Illinois**

We have audited the accompanying financial statements of Bright Pink NFP (Bright Pink), a not-for-profit corporation, which comprise the statement of financial position as of July 31, 2020, and the related statement of activities, cash flows, and functional expenses, for the nineteen months 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's 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.



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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bright Pink as of July 31, 2020, and the results of its changes in net assets and its cash flows for the nineteen months then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matter**

As discussed in Note 1 to the financial statements, Bright Pink changed its fiscal year end from December 31 to July 31, effective July 31, 2020. Therefore, the audited financial statements are presented for the nineteen months ended July 31, 2020.

*Clark Nuber P.S.*

Certified Public Accountants  
November 13, 2020

**BRIGHT PINK NFP**

**Statement of Financial Position**

**July 31, 2020**

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**Assets**

Cash and cash equivalents	\$ 883,783
Investments	3,719,937
Sponsorship and contribution receivables, net	89,500
Prepaid expenses and deposits	45,726
Property and equipment, net	<u>13,659</u>
<b>Total Assets</b>	<b><u>\$ 4,752,605</u></b>

**Liabilities and Net Assets**

**Liabilities:**

Accounts payable	\$ 46,788
Accrued liabilities	132,362
Paycheck Protection Program loan	<u>230,680</u>

**Total Liabilities** **409,830**

**Net Assets:**

Without donor restrictions	4,255,275
With donor restrictions	<u>87,500</u>

**Total Net Assets** **4,342,775**

**Total Liabilities and Net Assets** **\$ 4,752,605**

See accompanying notes.

**BRIGHT PINK NFP****Statement of Activities  
For the Nineteen Months Ended July 31, 2020**

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	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support, Revenue and Gains:</b>			
Sponsorship and contributions	\$ 3,047,557	\$ 87,500	\$ 3,135,057
In-kind goods and services	10,000		10,000
Earned revenue	82,238		82,238
Investment return	522,766		522,766
Net assets released from restrictions	175,000	(175,000)	
<b>Total Support, Revenue and Gains</b>	<b>3,837,561</b>	<b>(87,500)</b>	<b>3,750,061</b>
<b>Expenses:</b>			
Program services	3,536,967		3,536,967
Management and general	604,825		604,825
Fundraising	571,686		571,686
<b>Total Expenses</b>	<b>4,713,478</b>		<b>4,713,478</b>
<b>Change in Net Assets</b>	<b>(875,917)</b>	<b>(87,500)</b>	<b>(963,417)</b>
Net assets, beginning of year	5,131,192	175,000	5,306,192
<b>Net Assets, End of Year</b>	<b>\$ 4,255,275</b>	<b>\$ 87,500</b>	<b>\$ 4,342,775</b>

See accompanying notes.

**BRIGHT PINK NFP**

**Statement of Cash Flows  
For the Nineteen Months Ended July 31, 2020**

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**Cash Flows From Operating Activities:**

Change in net assets	\$ (963,417)
Adjustments to reconcile change in net assets to net cash provided by operating activities-	
Depreciation	19,567
Reinvested investment income	(219,936)
Realized and unrealized gain, net of investment fees	(302,830)
Loss on disposal of property and equipment	1,839
Changes in certain assets and liabilities:	
Sponsorship and contribution receivables	850,699
Prepaid expenses and deposits	(7,446)
Accounts payable	3,961
Accrued liabilities	20,066

**Net Cash Used in Operating Activities** **(597,497)**

**Cash Flows From Investing Activities:**

Purchase of property and equipment	(9,987)
Purchase of investments	(1,400,269)
Proceeds from the sale of investments	1,100,210

**Net Cash Used in Investing Activities** **(310,046)**

**Cash Flows From Financing Activities:**

Proceeds from Paycheck Protection Program loan	230,680
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**Net Cash Provided by Financing Activities** **230,680**

**Net Change in Cash and Cash Equivalents** **(676,863)**

Cash and cash equivalents balance, beginning of year 1,560,646

**Cash and Cash Equivalents Balance, End of Year** **\$ 883,783**

See accompanying notes.

**BRIGHT PINK NFP****Statement of Functional Expenses  
For the Nineteen Months Ended July 31, 2020**

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	Program Services	Management and General	Fundraising	Total
Salaries and related costs	\$ 1,529,437	\$ 354,445	\$ 378,296	\$ 2,262,178
Professional fees	1,048,053	181,612	54,951	1,284,616
Media spend	523,837		3,688	527,525
Licenses, fees and subscriptions	244,435	10,242	46,706	301,383
Occupancy and equipment	86,891	20,290	25,646	132,827
Processing fees	9,436	7,203	12,992	29,631
Printing, postage and shipping	26,798	739	12,653	40,190
Travel and meals	23,567	7,222	9,487	40,276
Supplies	18,041	1,622	11,174	30,837
Donated goods and services	8,000		9,000	17,000
Other	10,402	19,526	3,482	33,410
Special events	1,675		1,675	3,350
Insurance	6,395	1,924	1,936	10,255
	<u>\$ 3,536,967</u>	<u>\$ 604,825</u>	<u>\$ 571,686</u>	<u>\$ 4,713,478</u>

See accompanying notes.



## BRIGHT PINK NFP

### Notes to Financial Statements For the Nineteen Months Ended July 31, 2020

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#### Note 1 - Organization and Nature of Activities

**Nature of Activities** - Bright Pink NFP (Bright Pink) is a national not-for-profit corporation that was incorporated in 2007 in Illinois. Bright Pink helps to save women's lives from breast and ovarian cancer by empowering women to know their risk and manage their health proactively. Bright Pink aims to identify women at elevated risk for breast and ovarian cancer and connect them to risk-mitigating care. These goals are carried out through the following programs:

Brighten Up - Thirty-minute interactive educational program designed to ground participants in foundational knowledge of breast and ovarian self-awareness, introduce them to early detection techniques, help them to understand and collect family health history, and to share life-saving risk reduction and mitigation strategies.

Digital Tools - Bright Pink's suite of digital tools includes:

Assess Your Risk - digital breast and ovarian cancer risk assessment tool;

Explore Your Genetics - website that helps women to navigate the genetic testing landscape; and

Breast Health Reminders - monthly text message reminders that help women practice breast and ovarian self-awareness.

Women's Health Professional Education Initiative (WHPEI) - Research-based lectures and case-based learning modules designed to engage and train women's health providers (i.e. OB/GYNs, nurse practitioners, physician assistants, and family practice doctors) to stratify and manage breast and ovarian cancer risk in young women.

Support Programs - Peer support community for young women who are high-risk for breast and ovarian cancer, including mentorship and support programs to help high-risk women navigate their risk mitigation options.

Public Engagement - Activities that help women to understand the value of knowing their breast and ovarian cancer risk and drive them to assess their risk and take risk-mitigating action. Activities include themed, multichannel digital campaigns, social media engagement, printing and distribution of educational materials, and delivering educational content through partner distribution channels.

**Change in Fiscal Year End** - Bright Pink elected to change its fiscal year end from December 31 to July 31, effective July 31, 2020. Therefore, these financial statements present activity as of and for the nineteen months ended July 31, 2020.

**Basis of Presentation** - Bright Pink's accounts are maintained on the accrual basis of accounting. Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Bright Pink and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor-imposed stipulations that may or will be met either by actions of Bright Pink or the passage of time.

## BRIGHT PINK NFP

### Notes to Financial Statements For the Nineteen Months Ended July 31, 2020

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#### Note 1 - Continued

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets.

**Cash and Cash Equivalents** - Cash and cash equivalents include short-term investments with original maturities of three months or less, except for the cash and short-term investments managed by Bright Pink's investment managers as part of their long-term investment strategies.

**Investments** - Investments in marketable securities with readily determinable fair values and in debt securities are reported at their fair values. Fair value is determined by reference to quoted market prices and other relevant information generated by market transactions. Unrealized and realized gains and losses are included in the change in net assets.

**Credit Risk** - Financial instruments which potentially subject Bright Pink to concentrations of credit risk consist of cash and investments. At July 31, 2020, Bright Pink had cash deposits and investments in financial institutions in excess of the federally insured limits.

**Allowance for Doubtful Accounts** - Sponsorship and contribution receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable receivable. Management did not believe an allowance was necessary at July 31, 2020.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Actual results could differ from those estimates.

**Income Taxes** - The Internal Revenue Service has determined that Bright Pink is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also classified as other than a private foundation. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements.

**Property and Equipment** - Property and equipment is recorded at cost when purchased. Donated assets are recorded at fair value on the date of donation. Bright Pink follows a policy whereby it capitalizes purchases of property and equipment with a value in excess of \$500 and a useful life greater than one year. Expenditures for repairs and maintenance are charged to expense as incurred. Depreciation is computed on the straight-line method over various useful lives.

## BRIGHT PINK NFP

### Notes to Financial Statements For the Nineteen Months Ended July 31, 2020

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#### Note 1 - Continued

**In-Kind Goods and Services** - Donated services are recognized as revenues at their estimated fair value when they create or enhance nonfinancial assets or they require specialized skills which would need to be purchased if they were not donated. Bright Pink also receives donated services from a variety of unpaid volunteers assisting Bright Pink in its charitable programs. No amounts have been recognized for these services in the accompanying statement of activities because the criteria for recognition of such volunteer effort have not been satisfied.

**Sponsorships and Contributions** - Bright Pink recognizes the full amount of sponsorships and unconditional contributions as revenue in the year the pledge or contribution is made, or once the conditions have been met. Sponsorships and contributions are recorded at net realizable value.

**Earned Revenue** - Bright Pink provides co-branded and special access to certain tools offered by Bright Pink. This revenue stream is recognized when the obligation is completed. There were no outstanding earned revenue receivables as of the period ended July 31, 2020.

**Concentrations** - At July 31, 2020, 97% of the sponsorship and contribution receivables were due from two supporters. Bright Pink had sponsorship and contribution support of 10% from one supporter for the nineteen months ended July 31, 2020.

**Functional Allocation of Expenses** - Bright Pink treats all costs as direct costs except general administration and general expense. Shared costs are prorated individually as direct cost to each category using a base most appropriate to the particular cost being prorated. The bases are established in accordance with reasonable criteria and supported by current data. Salaries and related costs are allocated based on a time estimate of where efforts are made. Professional fees, licenses, fees, and subscriptions, as well as occupancy and equipment are all allocated based on the number of full-time equivalents working on the effort.

**New Accounting Pronouncement** - During the nineteen months ended July 31, 2020, Bright Pink adopted the Financial Accounting Standards Board's 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*. This update was issued to clarify and improve the scope and accounting guidance for contributions received and contributions made. The update assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and (2) determining whether a contribution is conditional. The adoption of ASU 2018-08 had no impact on Bright Pink's current or historical financial position, results of operations, or cashflows.

During the nineteen months ended July 31, 2020, Bright Pink adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2014-09 - *Revenue from Contracts with Customers* (Topic 606) and other related ASUs. These ASUs replaced the existing revenue recognition guidance in U.S. GAAP and require entities to recognize revenues when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The adoption of ASU 2014-09 had no impact on Bright Pink's current or historical financial position, results of operations, or cashflows.

**Subsequent Events** - Bright Pink has evaluated subsequent events through November 13, 2020, the date on which the financial statements were available to be issued.

**BRIGHT PINK NFP**

**Notes to Financial Statements  
For the Nineteen Months Ended July 31, 2020**

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**Note 2 - Sponsorship and Contribution Receivables**

Sponsorship and contribution receivables of \$89,500 as of July 31, 2020 are due within one year.

**Note 3 - Investments and Fair Value Measurements**

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements.

**Valuation Techniques** - U.S. GAAP uses a fair value hierarchy which prioritizes the inputs to valuation approaches into three broad levels. The hierarchy gives the highest priority to quoted prices in active markets (Level 1), and the lowest priority to unobservable inputs (Level 3). Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets for identical assets and liabilities.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at July 31, 2020.

Cash and Money Market Funds - Valued at cost plus accrued interest, which approximates fair value.

Equity Securities - Valued at quoted market prices in active markets for identical assets.

Fixed Income Securities - Valued at the closing price on the last day of business of the year.

Investments are stated at fair value and consist of the following at July 31, 2020:

	Investments at Fair Value			
	Level 1	Level 2	Level 3	Total
Cash and money market funds	\$ 261,207	\$ -	\$ -	\$ 261,207
Equity securities	2,124,498			2,124,498
Fixed income securities		1,334,232		1,334,232
<b>Total Investments</b>	<b>\$ 2,385,705</b>	<b>\$ 1,334,232</b>	<b>\$ -</b>	<b>\$ 3,719,937</b>

The following schedule summarizes the investment return and its classification in the statement of activities for the nineteen months ended July 31, 2020:

Interest and dividends	\$ 219,936
Realized and unrealized gain, net of investment fees	302,830
	<b>\$ 522,766</b>

**BRIGHT PINK NFP**

**Notes to Financial Statements  
For the Nineteen Months Ended July 31, 2020**

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**Note 4 - Property and Equipment**

Property and equipment consists of the following at July 31, 2020:

Leasehold improvements	\$	8,865
Furniture and equipment		48,200
Computer equipment		55,489
Software		<u>20,913</u>
		133,467
Less accumulated depreciation		<u>(119,808)</u>
<b>Total Property and Equipment, Net</b>	<b>\$</b>	<b><u>13,659</u></b>

**Note 5 - Debt**

In response to the COVID-19 pandemic, the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Securities Act (CARES Act). Included in the CARES Act was the Paycheck Protection Program (PPP) to provide loans to qualifying small businesses and not-for-profit organizations to cover certain eligible expenses. On April 16, 2020, Bright Pink obtained a loan under the PPP with a principal balance of \$230,680 and an annual interest rate of 1%. Principal and interest are payable in monthly installments beginning July 30, 2021 through maturity on April 16, 2022. Future minimum principal payments on the PPP loan are as follows:

For the Year Ending July 31,

2021	\$	28,584
2022		<u>202,096</u>
	<b>\$</b>	<b><u>230,680</u></b>

All or a portion of the PPP loan may be forgiven if certain terms and conditions of the program are met. Bright Pink's accounting policy for recognition of revenue from forgiveness of the PPP loan is to recognize the revenue when the loan is forgiven by the lender. No revenue was recognized during the nineteen months ended July 31, 2020.

**Operating Lines of Credit** - Bright Pink opened an operating line of credit during the nineteen months ended July 31, 2020 in the amount of \$500,000. The interest rate is 1.5% plus LIBOR. As of July 31, 2020, there were no borrowings on the line-of-credit. The line of credit matures on June 15, 2021.

Bright Pink closed an operating line of credit during the nineteen months ended July 31, 2020 in the amount of \$220,000. The interest rate was 1.5% plus prime. There were no borrowings during the nineteen-month period ended July 31, 2020.

## BRIGHT PINK NFP

### Notes to Financial Statements For the Nineteen Months Ended July 31, 2020

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#### Note 6 - Net Assets With Donor Restrictions

Net assets with donor restrictions of \$87,500 are due in future periods and restricted for time at July 31, 2020.

Net assets with donor restrictions released from time restrictions totaled \$175,000 during the nineteen months ended July 31, 2020.

#### Note 7 - Commitments

**Lease** - Bright Pink leases office space under a noncancelable operating lease that expires on March 31, 2021 with monthly payments of \$4,105. Rent expense was \$76,169 for the nineteen months ended July 31, 2020. The remaining obligation for this lease was \$32,838 to be paid in fiscal year 2021.

**Employment Agreement** - Bright Pink has an employment agreement with a key member of management. If terminated without cause or good reason within twelve months after the agreement effective date, the agreement calls for six months of severance pay as well as continuation of health benefits for six months. If terminated within twelve to eighteen months after the effective date, the agreement calls for nine months of severance pay, as well as continuation of health benefits for nine months. If terminated within eighteen months or longer after the effective date, the agreement calls for twelve months of severance pay, as well as continuation of health benefits for twelve months.

#### Note 8 - Pension Plan

Bright Pink sponsors a 403(b) defined contribution plan. All eligible participants may elect to defer wages subject to IRS limits. Bright Pink, at its discretion, may make a matching contribution equal to a percentage, of the participants' contribution for the plan year. Bright Pink's retirement plan expense was \$26,852 for the nineteen months ended July 31, 2020.

#### Note 9 - In-Kind Goods and Services

For the nineteen months ended July 31, 2020, donated services consisted of journey mapping and donated goods consisted of vacation rentals. Bright Pink estimates the fair value of these goods and services to be as follows during the nineteen-month period ended July 31, 2020:

Other Donated services	\$	5,000
Donated goods		<u>5,000</u>
<b>Total In-Kind Goods and Services</b>	<b>\$</b>	<b><u><u>10,000</u></u></b>

#### Note 10 - Liquidity and Availability of Financial Assets

**Liquidity** - Bright Pink has a goal to maintain cash on hand to meet 60 days of normal operating expenses, which is, on average, approximately \$460,000. Bright Pink has a policy to structure financial assets to be available as general expenditures, liabilities, and other obligations come due. In addition, as part of liquidity management, Bright Pink invests cash in excess of daily requirements in short-term investments. As more fully described in Note 5, Bright Pink also has a line of credit in the amount of \$500,000, which it could draw upon in the event of an unanticipated liquidity need.

**BRIGHT PINK NFP**

**Notes to Financial Statements  
For the Nineteen Months Ended July 31, 2020**

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**Note 10 - Continued**

**Availability** - The following reflects Bright Pink's financial assets at July 31, 2020:

Cash and cash equivalents	\$ 883,783
Sponsorship and contribution receivables, net	89,500
Investments	<u>3,719,937</u>
<b>Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>	<b><u><u>\$ 4,693,220</u></u></b>

**Note 11 - Risk and Uncertainties**

On March 11, 2020, the World Health Organization ("WHO") recognized COVID-19 as a global pandemic, prompting many national, regional, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy, including the not-for-profit industry in which Bright Pink operates.

The initial wave of the COVID-19 outbreak caused disruption to Bright Pink's business operations, as offices were temporarily closed as of March 30, 2020 in response to the public health crisis. During the office closure, Bright Pink continued to provide digital tools and online resources to women, including content specific to navigating breast and ovarian health during the global pandemic. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, management is currently unable to fully determine the extent of COVID-19's impact on Bright Pink's business in future periods. The business in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States. Management continues to monitor evolving economic and general business conditions and the actual and potential impacts on the Bright Pink's financial position, results of operations and cash flows.