



For the Year Ended December 31, 2018

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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 December 31, 2018, and the related statements of activities, cash flows, and functional expenses, for the year 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 December 31, 2018, and the results of its changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Effect of Adopting New Accounting Standard

As discussed in Note 1, Bright Pink adopted the Financial Accounting Standard Board's Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Bright Pink's December 31, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 19, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Clark Nuber P.S.

Certified Public Accountants
May 24, 2019

BRIGHT PINK NFP

**Statement of Financial Position
December 31, 2018
(With Comparative Totals for 2017)**

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 1,560,646	\$ 1,365,687
Investments	2,897,112	2,556,361
Sponsorship and contribution receivables, net	940,199	576,875
Prepaid expenses and deposits	38,280	30,162
Property and equipment, net	<u>25,078</u>	<u>33,020</u>
Total Assets	<u>\$ 5,461,315</u>	<u>\$ 4,562,105</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 42,827	\$ 24,970
Accrued liabilities	<u>112,296</u>	<u>45,837</u>
Total Liabilities	155,123	70,807
Net Assets:		
Without donor restrictions	5,131,192	4,344,164
With donor restrictions	<u>175,000</u>	<u>147,134</u>
Total Net Assets	<u>5,306,192</u>	<u>4,491,298</u>
Total Liabilities and Net Assets	<u>\$ 5,461,315</u>	<u>\$ 4,562,105</u>

See accompanying notes.

BRIGHT PINK NFP

**Statement of Activities
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)**

	Without Donor Restrictions	With Donor Restrictions	2018 Total	2017 Total
Support, Revenue and Gains:				
Sponsorship and contributions	\$ 3,078,186	\$ 327,866	\$ 3,406,052	\$ 3,022,328
In-kind goods and services	34,265		34,265	1,046,242
Investment return	(90,497)		(90,497)	227,776
Net assets released from restrictions	300,000	(300,000)		
Total Support, Revenue and Gains	3,321,954	27,866	3,349,820	4,296,346
Expenses:				
Program services	1,931,847		1,931,847	3,073,450
Management and general	216,509		216,509	177,440
Fundraising	386,570		386,570	443,304
Total Expenses	2,534,926		2,534,926	3,694,194
Change in Net Assets	787,028	27,866	814,894	602,152
Net assets, beginning of year	4,344,164	147,134	4,491,298	3,889,146
Net Assets, End of Year	\$ 5,131,192	\$ 175,000	\$ 5,306,192	\$ 4,491,298

See accompanying notes.

BRIGHT PINK NFP**Statement of Cash Flows
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)**

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 814,894	\$ 602,152
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Depreciation	14,715	15,480
Reinvested investment income	(109,738)	
Realized and unrealized loss (gain), net of investment fees	200,235	(161,011)
Loss on disposal of property and equipment	1,560	
Changes in certain assets and liabilities:		
Sponsorship and contribution receivables	(363,324)	44,101
Prepaid expenses and deposits	(8,118)	93,743
Accounts payable	17,857	(23,926)
Accrued liabilities	66,459	(40,508)
Deferred rent		(3,250)
	<u>634,540</u>	<u>526,781</u>
Net Cash Provided by Operating Activities	634,540	526,781
Cash Flows From Investing Activities:		
Purchase of property and equipment	(8,333)	
Purchase of investments	(431,248)	(682,708)
Proceeds from the sale of investments		92,037
	<u>(439,581)</u>	<u>(590,671)</u>
Net Cash Used by Investing Activities	(439,581)	(590,671)
Net Change in Cash and Cash Equivalents	194,959	(63,890)
Cash and cash equivalents balance, beginning of year	<u>1,365,687</u>	<u>1,429,577</u>
Cash and Cash Equivalents Balance, End of Year	<u>\$ 1,560,646</u>	<u>\$ 1,365,687</u>

See accompanying notes.

BRIGHT PINK NFP

**Statement of Functional Expenses
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)**

	Program Services	Management and General	Fundraising	2018 Total	2017 Total
Salaries and related costs	\$ 1,015,451	\$ 144,268	\$ 242,054	\$ 1,401,773	\$ 1,354,557
Professional fees	477,897	37,422	25,642	540,961	669,063
Media spend	171,718		3,499	175,217	84,373
Licenses, fees and subscriptions	89,505	7,501	35,148	132,154	163,323
Occupancy and equipment	61,893	9,757	14,698	86,348	74,504
Processing fees	8,290	4,249	11,406	23,945	27,299
Printing, postage and shipping	24,990	122	18,725	43,837	70,156
Travel and meals	22,453	7,376	11,943	41,772	84,906
Supplies	17,888	2,032	8,962	28,882	18,535
Donated goods and services	24,568		2,696	27,264	1,041,242
Other	7,986	3,433	5,327	16,746	48,451
Special events	5,904		5,895	11,799	44,994
Insurance	3,304	349	575	4,228	12,791
	<u>\$ 1,931,847</u>	<u>\$ 216,509</u>	<u>\$ 386,570</u>	<u>\$ 2,534,926</u>	<u>\$ 3,694,194</u>

See accompanying notes.

BRIGHT PINK NFP

Notes to Financial Statements For the Year Ended December 31, 2018

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.

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.

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.

BRIGHT PINK NFP

Notes to Financial Statements For the Year Ended December 31, 2018

Note 1 - Continued

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 December 31, 2018 and 2017, 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 December 31, 2018 or 2017.

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.

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.

BRIGHT PINK NFP

Notes to Financial Statements For the Year Ended December 31, 2018

Note 1 - Continued

Concentrations - At December 31, 2018 and 2017, 69% and 62% of the sponsorship and contribution receivables were due from three and four supporters, respectively. For the year ended December 31, 2018, Bright Pink had sponsorship and contribution support of 11% from one supporter.

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 - For the year ended December 31, 2018, Bright Pink adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include the presentation of two classes of net assets versus the previously required three. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets are now reported as net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their national and functional classification.

Comparative Amounts for 2017 - The financial statements include certain summarized comparative information in total, but not by net asset class, for the year ended December 31, 2017. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with Bright Pink's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Subsequent Events - Bright Pink has evaluated subsequent events through May 24, 2018, the date on which the financial statements were available to be issued.

Note 2 - Sponsorship and Contribution Receivables

Sponsorship and contribution receivables as of December 31 are as follows:

	<u>2018</u>	<u>2017</u>
Amounts due in less than one year	\$ 890,199	\$ 576,875
Amounts due in one to five years	<u>50,000</u>	<u></u>
Total Sponsorship and Contribution Receivables, Net	<u>\$ 940,199</u>	<u>\$ 576,875</u>

BRIGHT PINK NFP

**Notes to Financial Statements
For the Year Ended December 31, 2018**

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 December 31, 2018 or 2017.

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 December 31:

	Investments at Fair Value				
	Level 1	Level 2	Level 3	2018 Total	2017 Total
Cash and money market funds	\$ 79,559	\$ -	\$ -	\$ 79,559	\$ 300,308
Equity securities	1,549,832			1,549,832	1,440,212
Fixed income securities		1,267,721		1,267,721	815,841
Total Investments	\$ 1,629,391	\$ 1,267,721	\$ -	\$ 2,897,112	\$ 2,556,361

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31:

	2018	2017
Interest and dividends	\$ 109,738	\$ 66,765
Realized and unrealized (loss) gain, net of investment fees	(200,235)	161,011
	\$ (90,497)	\$ 227,776

BRIGHT PINK NFP

**Notes to Financial Statements
For the Year Ended December 31, 2018**

Note 4 - Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2018</u>	<u>2017</u>
Leasehold improvements	\$ 8,865	\$ 8,865
Furniture and equipment	48,181	54,949
Computer equipment	48,890	47,293
Software	<u>20,913</u>	<u>20,913</u>
	126,849	132,020
Less accumulated depreciation	<u>(101,771)</u>	<u>(99,000)</u>
Total Property and Equipment, Net	<u>\$ 25,078</u>	<u>\$ 33,020</u>

Note 5 - Net Assets With Donor Restrictions

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

	<u>2018</u>	<u>2017</u>
Due in future periods - time restricted	<u>\$ 175,000</u>	<u>\$ 147,134</u>
Total Net Assets With Donor Restrictions	<u>\$ 175,000</u>	<u>\$ 147,134</u>

Net assets with donor restrictions released from time restrictions totaled \$300,000 and \$209,168 during the years ended December 31, 2018 and 2017, respectively.

Note 6 - Commitments

Lease - Bright Pink leases office space under a five year noncancelable operating lease that expires on March 31, 2018 with monthly payments ranging from \$3,125 to \$3,825. The lease was extended for one year, through March 31, 2019, and then again for another year, ending on March 31, 2020. Rent expense was \$47,470 and \$35,420 for the years ended December 31, 2018 and 2017, respectively.

Future minimum payments under the lease are as follows:

For the Year Ending December 31,

2019	\$ 47,794
2020	<u>11,956</u>
	<u>\$ 59,750</u>

BRIGHT PINK NFP

Notes to Financial Statements For the Year Ended December 31, 2018

Note 6 - Continued

Employment Agreement - Bright Pink has an employment agreement with a key member of management. The agreement calls for six-months' severance pay if terminated without cause.

Operating Line of Credit - Bright Pink has an operating line of credit in the amount of \$220,000. The interest rate is 1.5% plus prime rate. As of December 31, 2018, and 2017, there were no borrowings on the line-of-credit.

Note 7 - 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 \$5,640 and \$1,279 for the years ended December 31, 2018 and 2017, respectively.

Note 8 - In-Kind Goods and Services

For the years ended December 31, 2018 and 2017, donated services include market research, strategic assessment, WHPEI and speaker fees, and donated goods include gift certificates, promotional items, and food for events. Bright Pink estimates the fair value of these goods and services to be as follows during the years ended December 31:

	<u>2018</u>	<u>2017</u>
Strategic assessment	\$ -	\$ 992,250
Other donated services	21,970	6,952
Donated goods	<u>12,295</u>	<u>47,040</u>
Total In-Kind Goods and Services	<u>\$ 34,265</u>	<u>\$ 1,046,242</u>

In 2017, Bright Pink engaged in a seven-week strategic assessment facilitated pro bono by a six member consulting team from the Boston Consulting Group (BCG). This engagement included an organizational assessment, a community needs assessment, and competitive landscape analysis. BCG's final deliverable was Bright Pink's 5-year strategic plan. In-kind services related to this project totaled \$992,250 for the year ended December 31, 2017.

Note 9 - 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 \$425,000. 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 \$220,000, which it could draw upon in the event of an unanticipated liquidity need.

BRIGHT PINK NFP

**Notes to Financial Statements
For the Year Ended December 31, 2018**

Note 9 - Continued

Availability - The following reflects Bright Pink's financial assets at December 31, 2018 and 2017, reduced by amounts not available for general use within one year of the statement of financial position date because of donor-imposed restrictions. Amounts not available include restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, Bright Pink must maintain sufficient resources to meet those responsibilities to its donors.

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 1,560,646	\$ 1,365,687
Sponsorship and contribution receivables, net	940,199	576,875
Investments	<u>2,897,112</u>	<u>2,556,361</u>
Total financial assets	5,397,957	4,498,923
Less long-term sponsorship and contribution receivables	<u>(50,000)</u>	<u></u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 5,347,957</u>	<u>\$ 4,498,923</u>