

THE BREAST CANCER DETECTION CENTER
OF ALASKA

FINANCIAL STATEMENTS

Years ended June 30, 2020 and 2019

THE BREAST CANCER DETECTION CENTER OF ALASKA
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2020 and 2019

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash	\$ 199,060	288,441
Restricted cash	90,488	-
Patient receivables, less allowance for doubtful accounts of \$25,940 and \$25,788	65,199	66,320
Pledge receivable- United Way	-	9,849
Contract receivables	22,500	10,000
Grant receivable	34,900	-
Prepaid expenses	49,467	56,164
Total current assets	<u>461,614</u>	<u>430,774</u>
INVESTMENTS	<u>1,987,403</u>	<u>1,704,320</u>
PROPERTY, EQUIPMENT, SOFTWARE	3,801,276	3,786,916
Less accumulated depreciation/amortization	<u>(1,490,475)</u>	<u>(1,268,051)</u>
	<u>2,310,801</u>	<u>2,518,865</u>
Total assets	<u>\$ 4,759,818</u>	<u>4,653,959</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	45,506	70,501
Accrued liabilities	42,974	36,721
Unearned revenue	-	1,200
Current portion of long term debt	81,845	36,600
Total current liabilities	<u>170,325</u>	<u>145,022</u>
LONG TERM DEBT, less current portion	<u>200,795</u>	<u>191,365</u>
Total liabilities	<u>371,120</u>	<u>336,387</u>
NET ASSETS		
Without donor restrictions		
Investment in property and equipment	2,118,651	2,290,900
Undesignated	2,226,047	1,998,505
	<u>4,344,698</u>	<u>4,289,405</u>
With donor restrictions	44,000	28,167
Total net assets	<u>4,388,698</u>	<u>4,317,572</u>
Total liabilities and net assets	<u>\$ 4,759,818</u>	<u>4,653,959</u>

See accompanying notes to the financial statements.

THE BREAST CANCER DETECTION CENTER OF ALASKA
STATEMENTS OF ACTIVITIES
Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues and support:		
Patient service revenue	\$ 955,434	957,896
Provision for bad debt and mammo assistance	(217,999)	(233,324)
Net patient service revenue	<u>737,435</u>	<u>724,572</u>
Contract program revenue	90,000	124,612
Waterfall Foundation contribution	200,000	200,000
Other public support	69,563	76,517
Fundraising	140,614	146,138
Rental income	-	23,156
In-kind	50,181	55,359
Other income	2,585	4,303
Total revenue and support	<u>1,290,378</u>	<u>1,354,657</u>
Reclassifications		
Net assets released from restrictions	69,667	31,367
Total revenues and reclassifications without donor restrictions	<u>1,360,045</u>	<u>1,386,024</u>
Expenses:		
Program services		
Fairbanks	754,538	761,906
Mobile Units	234,614	283,882
Rental	6,613	17,493
Total program services	<u>995,765</u>	<u>1,063,281</u>
Management and general	183,162	184,372
Fundraising	127,720	157,880
Total expenses	<u>1,306,647</u>	<u>1,405,533</u>
Increase (decrease) in net assets without donor restrictions from operating activities	53,398	(19,509)
NONOPERATING ACTIVITIES		
Interest and dividends income	30,456	24,061
Realized gains (losses)	(117,120)	33,178
Unrealized gains (losses)	45,793	5,859
Loss on disposal of assets	-	(2,460)
Bad debt expense	-	(2,763)
City of Fairbanks CARES Act Grant	34,900	-
HHS COVID-19 Stimulus Grant	7,866	-
Murdock Foundation contribution	-	250,000
Increase (decrease) in net assets without donor restrictions	<u>55,293</u>	<u>288,366</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Restricted contributions released from restriction	(41,500)	-
Alaska Community Foundation Contribution	50,500	-
United Way pledge contributions	-	9,849
United Way pledges released from restrictions	(9,849)	(19,117)
Gala contributions	35,000	11,360
Gala contributions -in kind	-	6,958
Gala contributions released from restriction	(18,318)	(12,250)
Increase (decrease) in net assets with donor restrictions	<u>15,833</u>	<u>(3,200)</u>
Change in net assets	71,126	285,166
NET ASSETS, July 1	<u>4,317,572</u>	<u>4,032,406</u>
NET ASSETS, June 30	<u>\$ 4,388,698</u>	<u>4,317,572</u>

See accompanying notes to the financial statements.

THE BREAST CANCER DETECTION CENTER OF ALASKA
STATEMENTS OF CASH FLOWS
Years ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from public support	\$ 453,826	499,586
Cash received from program services	816,056	969,301
Cash received from rental	-	23,156
Cash received from other income	2,585	4,303
Cash payments to employees and suppliers	(1,021,901)	(1,263,837)
Net cash provided (used) by operating activities	250,566	232,509
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(21,500)	(252,751)
Net cash provided (used) by investing activities	(21,500)	(252,751)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid on long term debt	(35,815)	(28,235)
Cash received from PPP loan	90,490	-
Cash received from public support	58,366	250,000
Deposit to investments	(341,000)	(390,000)
Withdrawals from investments	-	93,000
Net cash provided (used) by financing activities	(227,959)	(75,235)
Net increase (decrease) in cash	1,107	(95,477)
CASH AND RESTRICTED CASH, July 1	288,441	383,918
CASH AND RESTRICTED CASH, June 30	\$ 289,548	288,441
RECONCILIATION TO STATEMENTS OF FINANCIAL POSITION:		
Cash	199,060	288,441
Restricted Cash	90,488	-
CASH AND RESTRICTED CASH, June 30	\$ 289,548	288,441
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Changes in net assets	71,126	285,166
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	229,565	220,121
Net earnings from investments	40,871	(63,098)
Loss on disposal of assets	-	2,460
Investment fees	17,047	13,887
Public support financing contributions	(58,366)	(250,000)
Changes in:		
Patient receivables	1,121	122,617
Pledge receivable- United Way	9,849	9,268
Contract receivables	(12,500)	(2,500)
Grant receivable	(34,900)	500
Prepaid expenses	6,697	7,881
Accounts payable	(24,997)	(108,913)
Accrued liabilities	6,253	4,525
Unearned revenue	(1,200)	(9,405)
Net cash provided (used) by operating activities	\$ 250,566	232,509
NONCASH INVESTING AND FINANCING ACTIVITIES		
Long term debt used to finance software	\$ -	256,200

See accompanying notes to the financial statements.

THE BREAST CANCER DETECTION CENTER OF ALASKA
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2020

	Program Services				Supporting Services			
	Fairbanks	Mobile Units	Rental	Total	Management and General	Fundraising	Total	Total
Personnel	\$ 230,910	27,109	-	258,019	114,249	35,184	149,433	407,452
Medical consulting	99,253	21,826	-	121,079	-	-	-	121,079
Travel	2,000	22,569	-	24,569	6	11	17	24,586
Facilities expense	59,601	515	-	60,116	1,633	-	1,633	61,749
Depreciation /Amortization	146,422	83,143	-	229,565	-	-	-	229,565
Supplies	32,763	482	-	33,245	1,165	20,013	21,178	54,423
Professional services	40,048	-	-	40,048	40,278	-	40,278	80,326
Marketing	2,104	20	10	2,134	45	16,827	16,872	19,006
Equipment and maintenance	72,574	55,795	13	128,382	-	-	-	128,382
Insurance	15,883	6,654	-	22,537	1,281	-	1,281	23,818
Personnel employment expense	23,883	2,293	-	26,176	8,534	3,491	12,025	38,201
Personnel fringe benefits	18,226	70	-	18,296	9,579	3,668	13,247	31,543
In-kind goods and services	-	13,954	-	13,954	-	43,185	43,185	57,139
Other	10,871	184	6,590	17,645	6,392	5,341	11,733	29,378
	\$ 754,538	234,614	6,613	995,765	183,162	127,720	310,882	1,306,647

See accompanying notes to the financial statements.

THE BREAST CANCER DETECTION CENTER OF ALASKA
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2019

	Program Services				Supporting Services			Total
	Fairbanks	Mobile Units	Rental	Total	Management and General	Fundraising	Total	
Personnel	\$ 209,459	37,349	-	246,808	124,315	59,950	184,265	431,073
Medical consulting	88,977	48,570	-	137,547	-	-	-	137,547
Travel	13,956	42,848	-	56,804	138	17	155	56,959
Facilities expense	67,391	430	1,299	69,120	1,849	2,197	4,046	73,166
Depreciation	123,963	80,348	15,810	220,121	-	-	-	220,121
Supplies	33,778	78	223	34,079	90	18,662	18,752	52,831
Professional services	54,529	-	-	54,529	25,577	-	25,577	80,106
Marketing	6,804	-	-	6,804	70	21,245	21,315	28,119
Equipment and maintenance	67,901	51,414	-	119,315	-	2,564	2,564	121,879
Insurance	15,872	6,629	-	22,501	2,128	-	2,128	24,629
Personnel employment expense	23,405	1,887	-	25,292	10,627	4,122	14,749	40,041
Personnel fringe benefits	17,645	56	-	17,701	15,179	4,895	20,074	37,775
In-kind goods and services	-	13,954	-	13,954	3,188	41,075	44,263	58,217
Other	38,226	319	161	38,706	1,211	3,153	4,364	43,070
	\$ 761,906	283,882	17,493	1,063,281	184,372	157,880	342,252	1,405,533

See accompanying notes to the financial statements.

THE BREAST CANCER DETECTION CENTER OF ALASKA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Breast Cancer Detection Center of Alaska (The Center) is a nonprofit organization incorporated under the laws of the State of Alaska. The mission of The Center is to increase awareness of the survivability of breast cancer and the benefits of early detection by delivering screening services and educational programs throughout the State of Alaska. The Center is based in Fairbanks, and provides mobile services to outlying Alaska communities. Its major revenue sources include program revenues, primarily from patient insurance remittances, and contributions from the public.

- a) Basis of accounting - The accompanying financial statements have been prepared on the accrual basis of accounting.
- b) Basis of presentation – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (FASB ASC) No. 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, the Center is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restriction- Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction- Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. 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 donor restrictions on the net assets (i.e. donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

- c) Cash - The Center considers the operating bank account and cash on hand to be cash. The carrying value of cash approximates the fair value because of the short-term maturity of those financial instruments.
- d) Investments: Investments consist of the money market fund associated with the brokerage account, and marketable debt and equity securities that are stated at fair value, as provided by investment broker statements. Net changes in the fair value of investments, which consists of the realized gains or losses and the unrealized gains or losses on those investments, are recorded in the statement of activities.

THE BREAST CANCER DETECTION CENTER OF ALASKA
NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- e) Patient service revenue recognition – The Center recognizes revenue from mammogram services when the service is provided. The Center has agreements with third-party payors that provide for payments at amounts different from established rates. Net service revenue from patients, third-party payors, and others is reported at estimated net realizable amounts. Contractual adjustments resulting from agreements with various organizations to provide services for amounts that differ from billed charges, including services under Medicare and Medicaid, are recorded as deductions within net patient service revenue. The Center records an allowance for doubtful accounts for the estimated uncollectible portion of receivables at year-end. This estimate is based on management’s historical collection experience, the relationship of non-pays to billings, and a review of current patient accounts receivable. Receivables are charged off monthly and interest is not charged on past-due accounts.
- f) Prepaid expenses – Prepaid expenses consist of insurance and equipment maintenance paid for during the year for coverage and service to be provided during the year ending June 30, 2021.
- g) Receivables – Receivables, which includes miscellaneous other amounts due and unconditional promises to give, are net of any estimated losses for uncollectible amounts. Unconditional promises to give are considered collectible in less than one year. Unconditional promises to give, not collected within the subsequent year, are written off as bad debt expense. Unconditional promises to give are reported as net assets with donor restriction and are released from restriction during the subsequent year when collected or written off. The Center does not have a policy to require collateral or security for short term receivables.
- h) Property and equipment - Property and equipment are carried at cost, or if donated, at the approximate fair value at date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The Center capitalizes fixed assets with a life in excess of one year and a cost of \$1,000 or greater.
- i) Software – Software is recorded at cost. Amortization is computed over the estimated useful lives of the assets on a straight-line basis. Software consists of mammo tracking software, license agreement, and hardware that does not have physical substance and has an estimated useful life of more than one year.
- j) Contributions - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are received subject to certain donor stipulations are reported as increases in net assets without donor restriction, if all restrictions expire in the fiscal year in which contributions are recognized. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restriction support that increases that net asset class. When a restriction expires, net assets with donor restriction is reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

THE BREAST CANCER DETECTION CENTER OF ALASKA
NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- k) Contracts with Customers – The nature of contracts with customers consists of performance of service over a period of time. The performance obligation is typically satisfied upon completion of the service over the period of the contract. The nature of services provided are mammograms screenings both in house at the Fairbanks clinic and around the State of Alaska by the Center’s mobile van. Significant payment terms vary from advanced payment to payment after services have been performed. Revenue recognition is determined by the output method as revenue is recognized when services are produced. The transaction price is determined in advance between the customer and the Center.
- l) Functional allocation of expenses - Salaries and related expenses are allocated to the various program and supporting services based on actual or estimated time employees spend on each function. The remaining expenses are specifically allocated whenever practical, or are based on management’s estimates.
- m) Income taxes – The Center is exempt from income taxes as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax. The Center is not a private foundation. Management has evaluated the Center’s tax positions and determined there are no liabilities required to be recognized.
- n) Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.
- o) In-kind support - The Center recognizes contributions of certain services and tangible assets at fair value when received. Most contributed professional services received are not recorded due to the impracticable task of determining the value.
- p) Advertising costs are expensed when incurred. Total advertising costs incurred were \$6,031 and \$4,964 for June 30, 2020 and 2019, respectively, and are presented under marketing on the Statement of Functional Expenses.
- q) Short term payables- the carrying amount approximates fair value because of the short-term maturity of those instruments. No collateral or security is pledged for short term payables. Short term payables consist of accounts payable and accrued liabilities included in the current liabilities.
- r) Subsequent events – Management has evaluated subsequent events through September 25, 2020, the date financial statements were available to be issued. No subsequent events were identified which required accrual. See Note 15 for information on the impact of COVID-19 on the Center.
- s) Reclassifications: Certain 2019 amounts were reclassified to conform to the 2020 presentation. There was no effect on reported net income.

THE BREAST CANCER DETECTION CENTER OF ALASKA
NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- t) New Accounting Pronouncements – During the year ended June 30, 2020, the Center adopted the requirements of the Financial Accounting Standards Board’s Accounting Standards Update No. 2016-01 *Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* which requires separate presentation of financial assets and financial liabilities by measurement category and form of financial assets on the statement of financial position or the accompanying notes to the financial statements. Financial instruments affected by this new pronouncement are cash, investments, short term receivables, short term payables, and long-term debt. The pronouncement has not caused significant changes to the statement of financial position as these financial instruments were already presented separately. Changes to the accompanying financial statement notes include disclosure that fair value measurement is approximately the same as carrying value due to short term maturity. Investments have already been historically presented with appropriate fair value measurement disclosures in Note 4. The implementation has been retroactively applied to 2019.

During the year ended June 30, 2020, the Center adopted the requirements of the Financial Accounting Standards Board’s Accounting Standards Update No. 2018-08 *Not-for-Profit Entities (Subtopic 958-605): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which clarifies whether a transfer of assets is a contribution or an exchange transaction. The provision helps an entity determine whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The provision requires that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of promisor’s obligation to transfer assets. If a contribution has been deemed unconditional, an entity would then consider whether the contribution is restricted on the basis of the donor-imposed restriction. The pronouncement has not caused significant changes to the Center’s accounting policies and procedures as they have historically applied this criterion to their contributions, grants, and exchange transactions. This implementation has been retroactively applied to 2019.

During the year ended June 30, 2020, the Center adopted the requirements of the Financial Accounting Standards Board’s Accounting Standards Update No. 2014-09 *Revenue from Contract with Customers (Topic 606)*. The guidance requires that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this core principle an entity should apply the following steps of (1) Identifying the contract with a customer; (2) Identifying the performance obligation in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to the performance obligation in the contract; (5) Recognize revenue when or as the entity satisfies the performance obligation. The pronouncement has not caused significant change to the Center’s accounting policies and procedures as they have historically already applied these criteria to their contracts with customers. Noted changes to the financial statements include presenting an accounting policy related to “Contracts with Customers” in Note 1. The implementation has been retroactively applied to 2019. Initial application was applied to all contracts at the date of application.

THE BREAST CANCER DETECTION CENTER OF ALASKA
NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- t) New Accounting Pronouncements, Continued – During the year ended June 30, 2020, the Center adopted the requirements of the Financial Accounting Standards Board’s Accounting Standards Update No. 2016-18 *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires the statement of cash flow to explain the change during the period in total cash and restricted cash. The statements of cash flows reflect this change for June 30, 2020 and 2019. This pronouncement impacted the presentation of the financial statements as restricted cash has been added as a component of the statement of cash flows and additional restricted cash reconciliations have been added to the presentation of cash flows.

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Center’s financial assets as of June 30, 2020 and 2019, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations.

	2020	2019
Cash and restricted cash	\$ 289,548	288,441
Accounts and other receivables, net collected within one year	122,599	86,169
Investments	1,987,403	1,704,320
Total financial assets, excluding noncurrent receivables	2,399,550	2,078,930
Contractual or donor-imposed restrictions:		
Contributions for future gala	(15,000)	(11,360)
Alaska Community Foundation grant	(29,000)	-
City of Fairbanks CARE Act grant payment for non-payroll reimbursement	(34,900)	-
PPP loan proceeds for payroll reimbursement	(90,488)	-
Total financial assets available to meet cash needs for expenditures within one year	\$ 2,230,162	2,067,570

The accounts receivables are expected to be collected within the first six months of the next year. All cash amounts are available for normal operating needs, except for restricted cash which is Small Business Administration Payroll Protection Program loan proceeds to be used only to reimburse specific payroll costs that occurred from April through October 2020. The Center may obtain Board approval to use the investment fund liquid assets in case the need arises for additional funding to meet expenditures within one year.

3. CASH AND RESTRICTED CASH

Cash and restricted cash consist of the following:

	2020	2019
Checking account	\$ 199,010	288,391
Restricted cash	90,488	-
Cash on hand	50	50
	\$ 289,548	288,441

THE BREAST CANCER DETECTION CENTER OF ALASKA
NOTES TO FINANCIAL STATEMENTS, CONTINUED

3. CASH AND RESTRICTED CASH, CONTINUED

Cash deposits in excess of FDIC insurance limits were \$-0- and \$50,193 at June 30, 2020 and 2019, respectively. Restricted cash of \$90,488 consists of the Payroll Protection Program loan proceeds to be spent to reimburse payroll expenses for the period incurred between April 2020 through October 2020. See Note 13 for more loan details.

4. INVESTMENTS

In 2013, the Center established an investment account with unrestricted funds for the purpose of preserving capital and inflation proofing. The investment funds are available for use as authorized by the board of directors, including investing in technology and use in operations.

The Center has categorized its financial assets into a three-level fair value hierarchy, based on the nature of the inputs used in determining fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets (level 1) and the lowest priority to unobservable inputs (level 3). Following is a description of each category in the fair value hierarchy and the financial assets of the Center that are included in each category at June 30, 2020:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. These financial instruments are measured using various custodial vendor pricing methodologies.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management’s own assumptions about what a market participant would use in pricing the asset or liability.

The following investments are recorded at fair value on a recurring basis, and at June 30, 2020, consist of the following:

	Level 1	Level 2	Level 3	Total
Equities	\$ 316,593	-	-	316,593
Bank certificates of deposits	100,300	-	-	100,300
Money market funds	1,033,031	-	-	1,033,031
Equity ETF's	251,114	-	-	251,114
Bond ETF's	176,580	-	-	176,580
Other	109,785	-	-	109,785
	<u>\$ 1,987,403</u>	<u>-</u>	<u>-</u>	<u>1,987,403</u>

The Center has an investment policy to address market risk by requiring portfolio diversification.

Investment fees were \$17,047 and \$13,887 for June 30, 2020 and 2019, respectively, and are presented as professional services on the Statement of Functional Expenses.

THE BREAST CANCER DETECTION CENTER OF ALASKA
NOTES TO FINANCIAL STATEMENTS, CONTINUED

4. INVESTMENTS, CONTINUED

Investment income is broken down as follows:

	<u>2020</u>	<u>2019</u>
Interest and dividends income	\$ 30,456	24,061
Realized gains (losses)	(117,120)	33,178
Unrealized gains (losses)	45,793	5,859
Investment fees	<u>(17,047)</u>	<u>(13,887)</u>
	<u>\$ (57,918)</u>	<u>49,211</u>

5. PROPERTY AND EQUIPMENT

	<u>Lives</u>	<u>2020</u>	<u>2019</u>
Land	-	\$ 77,736	77,736
Buildings and improvements	40 years	2,029,596	2,029,596
Furniture, fixtures, and equipment	5 years	73,762	38,855
Digital mammography equipment	10 years	975,436	1,017,034
Vehicles	10 years	388,546	367,495
Software	7 years	<u>256,200</u>	<u>256,200</u>
		3,801,276	3,786,916
Less accumulated depreciation/amortization		<u>1,490,475</u>	<u>1,268,051</u>
		<u>\$ 2,310,801</u>	<u>2,518,865</u>

Depreciation/amortization expense was \$229,565 and \$220,121 at June 30, 2020 and 2019, respectively.

6. PATIENT SERVICE REVENUE

Patient service revenue for the years ended June 30, 2020 and 2019, consisted of the following:

	<u>2020</u>	<u>2019</u>
Third party payers and personal payments	\$ 955,434	957,896
Mammo assistance	(45,242)	(87,227)
Insurance write off	<u>(172,757)</u>	<u>(146,097)</u>
	<u>\$ 737,435</u>	<u>724,572</u>

THE BREAST CANCER DETECTION CENTER OF ALASKA
NOTES TO FINANCIAL STATEMENTS, CONTINUED

7. WATERFALL CONTRIBUTION

The Center receives a significant amount of its contributions from the Waterfall Foundation, an organization originating from a fundraising event organized by founding Center director, Nancy Murkowski. The Center received \$200,000 and \$200,000 during the years ended June 30, 2020 and 2019, respectively, representing 15 percent and 12 percent of total operating revenues and support.

8. NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2020, net assets with donor restrictions totaled \$44,000 which consisted of \$15,000 in contributions for Gala FY21 and \$29,000 of an unspent grant contribution from the Alaska Community Foundation to go toward upgrading curve technology mammogram equipment and vehicles. As of June 30, 2019, net assets with donor restrictions consisted of \$9,849 in pledges receivable from the United Way and \$18,318 of Gala FY20 contributions.

9. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Center to concentrations of credit risk consist of cash, receivables and the investment with Charles Schwab Institutional. The Center's cash at June 30, 2020, was not in excess of the insurance limits of the FDIC. The Center's policy is to reduce cash balances below this amount by transferring amounts to other accounts. The Center does not have access to collateral to secure uninsured bank deposits. The Center does have a board approved investment policy to address concentrations of credit risk.

10. RETIREMENT PROGRAM

The Center maintains a SIMPLE retirement plan for employees who choose to participate and have earned in excess of \$5,000 in each of the last two years. The Center matches employee contributions, up to three percent of wages, and employees can contribute to the plan as allowed by the Internal Revenue Code and regulations. The Center's contributions to the plan were \$5,430 and \$6,604, during the years ended June 30, 2020 and 2019, respectively.

11. DONATED GOODS AND SERVICES

During the years ended June 30, 2020 and 2019, the Center received the following donations:

	2020	2019
Professional services (related party)	\$ -	3,188
Fundraising supplies	36,227	38,217
Fundraising supplies-restricted for future Gala	-	6,958
Mobile mammo program	13,954	13,954
	<u>\$ 50,181</u>	<u>62,317</u>

THE BREAST CANCER DETECTION CENTER OF ALASKA
NOTES TO FINANCIAL STATEMENTS, CONTINUED

11. DONATED GOODS AND SERVICES, CONTINUED

No prepaid in-kind FY21 Gala supplies were received in FY20 and none are included in FY20 restricted contributions and prepaid expenses to be expensed in FY21. The FY20 donations were recorded in the following functions: Mobile Units - \$13,954; and Fundraising - \$36,227. The prepaid in-kind FY19 Gala supplies expense of \$6,958 was used in FY20. The 2019 donations were recorded in the following functions: Mobile Units - \$13,954; and Fundraising - \$45,174 and Administration- \$3,188.

12. RENTAL INCOME

The Center holds a portion of their building as a rental, however there has not been a tenant in the space since January 2019. The monthly rental rate was \$3,308. Total rental income for 2020 and 2019 was \$-0- and \$23,156, respectively.

The cost of the facilities being rented is approximately \$164,493 with accumulated depreciation of \$21,238 as of June 30, 2020.

13. LONG-TERM DEBT

The Center entered into a subscription payment agreement on March 1, 2018 to finance the purchase of EXA Ikonopedia Mammo tracking software, license agreement, and hardware for a cost of \$256,200. The software commencement date was August 31, 2018 and the maturity date is August 31, 2025. The purchase of the software is financed with EverBank Commercial Finance, Inc. over 84 months requiring monthly payments of \$3,050 at 0 percent interest. The Center financed the full cost of the software of \$256,200. The subscription payment agreement is secured by license agreements and other associated intangible assets. As of June 30, 2020, the outstanding long-term liability was \$192,150. Estimated maturities of long-term debt for the five years subsequent to June 30, 2020 are: 2021-\$36,600, 2022-\$36,600, 2023-\$36,600, 2024-\$36,600, 2025-\$36,600, and thereafter- \$9,150.

The software is an intangible asset and is amortized over the life of the subscription of 7 years. Amortization expense as of June 30, 2020 and 2019 was \$36,600 and \$33,550, respectively; and is included in equipment depreciation/amortization expense on the statement of functional expenses. Net book value of the software as of June 30, 2020 was \$186,050. The estimated aggregate amortization expense for each of the five succeeding fiscal years is 2021-\$36,600, 2022- \$36,600, 2023-\$36,600, 2024-\$36,600, 2025-\$36,600, thereafter- \$9,150.

The Center obtained a loan from First National Bank Alaska as a part of the Small Business Administration Paycheck Protection Program (PPP) designed to provide short term assistance for small businesses and nonprofit organizations facing hardship during the COVID-19 pandemic. The Center was approved for a loan in the amount of \$90,490 on April 17, 2020 with an interest rate of 1 percent and a maturity date of April 17, 2022. The first payment is due November 17, 2020 and the monthly payment amount is yet to be determined. The Center anticipates that at least a portion of this loan will be forgiven under the PPP provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, however it is uncertain as to how much of the loan will be forgiven. The period of specific payroll cost forgiveness ranges between April 17, 2020 through October 3, 2020 which is equivalent to 24 weeks. There is no collateral or security required to acquire this loan. The full amount of the loan is classified as a liability and as of June 30, 2020, the outstanding long-term liability was \$90,490. The estimated maturities of long-term debt for the five years subsequent to June 30, 2020 are: 2021- \$45,245, 2022- \$45,245, 2023- \$-0-, 2024- \$-0-, 2025- \$-0-.

THE BREAST CANCER DETECTION CENTER OF ALASKA
NOTES TO FINANCIAL STATEMENTS, CONTINUED

13. LONG-TERM DEBT, CONTINUED

Long term debt as of June 30, 2020 and 2019 consist of the following:

	2020	2019
Note payable to EverBank Commerical Finance, Inc.	\$ 192,150	227,965
Note payable to First National Bank of Alaska (PPP Loan)	90,490	-
Less current portion	(81,845)	(36,600)
	\$ 200,795	191,365

The carrying amount of long-term debt approximates fair value of those instruments.

14. COMMITMENTS

The Center entered into two service agreement contracts related to mammo digital machines for mobile and clinic locations. The contract period for the mobile location is November 18, 2016 through November 17, 2021. The contract period for the clinic location is February 13, 2016 through February 12, 2021.

The billings for the contracts occur annually. The total billing contract amount for the mobile location is \$46,230 for the billing period of November 18, 2019 through November 17, 2020. The total billing contract amount for the clinic location is \$44,850 for the billing period of February 13, 2020 through February 12, 2021. Prepaid expenses totaling \$45,368 and total maintenance expense of \$91,080 have been accounted for and are presented in the statement of financial position and statement of functional expenses under equipment, and maintenance for the Fairbanks and Mobile Units class, respectively.

15. SUBSEQUENT EVENTS

The Center's operations have been affected by the recent and ongoing outbreak of the coronavirus disease (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it has resulted in material adverse impact on the Center's financial position, operations, and cash flows. The Center is in the process of making material expense cuts to their FY21 budget of an estimated \$176,000 which is about 12 percent of their operating budget. The actual operating revenue is trending to be down about 21% from FY20. The revenue operating budget for FY21 is 46 percent less than FY20. Additionally, the Center does not anticipate receiving the full \$200,000 from their major contributor the Waterfall Foundation, but instead estimates to receive \$150,000. This contribution is typically about 15% of their total revenue and support. Furthermore, the Center has postponed their significant Gala fundraising event; which typically occurs in the first or second quarter of FY21. This event raises about 9% of total revenue and support. It is unclear if the Gala event will be rescheduled or be converted to a virtual event. The Center is in the process of applying for Small Business Administration disaster relief loans and state funding for payroll and utilities.