

Financial Statements

VERA BRADLEY FOUNDATION FOR BREAST CANCER, INC.

Years ended October 31, 2022 and 2021

With Independent Auditor's Report

Vera Bradley Foundation for Breast Cancer, Inc.

Financial Statements

Years ended October 31, 2022 and 2021

Contents

Independent Auditor’s Report.....	1
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities and Changes in Net Assets	4
Statements of Cash Flows.....	5
Notes to Financial Statements.....	6



Independent Auditor's Report

The Board of Directors
Vera Bradley Foundation for Breast Cancer, Inc.

Opinion

We have audited the accompanying financial statements of Vera Bradley Foundation for Breast Cancer, Inc. (Foundation) which comprise the statements of financial position as of October 31, 2022 and 2021 and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of October 31, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

Haines, Lemberger & Skiba, LLC

January 5, 2023

Vera Bradley Foundation for Breast Cancer, Inc.

Statements of Financial Position

	October 31	
	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 141,059	\$ 303,174
Short-term investments	1,217,616	1,275,737
Accrued interest receivable	2,399	20
Contributions, pledges and other accounts receivable	435,291	477,622
Inventory	18,935	38,878
Prepaid expenses and other current assets	1,575	2,197
Total current assets	<u>1,816,875</u>	<u>2,097,628</u>
Other assets:		
Cash surrender value of life insurance	36,123	46,983
Total assets	<u>\$ 1,852,998</u>	<u>\$ 2,144,611</u>
Liabilities and unrestricted net assets		
Current liabilities:		
Grant payable to Indiana University Foundation	\$ 1,127,000	\$ 1,500,000
Accounts payable and other liabilities	10,702	17,936
Accounts payable to Vera Bradley, Inc.	120,368	98,378
Total current liabilities	<u>1,258,070</u>	<u>1,616,314</u>
Net assets without donor restrictions	<u>594,928</u>	<u>528,297</u>
Total current liabilities and net assets	<u>\$ 1,852,998</u>	<u>\$ 2,144,611</u>

See accompanying notes.

Vera Bradley Foundation for Breast Cancer, Inc.

Statements of Activities and Changes in Net Assets

	Year ended October 31	
	2022	2021
Support, revenues and gains		
Contributions from Vera Bradley, Inc.:		
Contributed services, use of facilities and other items	\$ 23,520	\$ 23,520
Corporate support	154,462	302,766
Support for the Vera Bradley Foundation for Breast Cancer Classic	-	60,022
	<u>177,982</u>	<u>386,308</u>
General contributions	564,439	746,304
Special events revenue	1,128,015	1,126,548
Special events expense	219,931	143,941
Net special events revenue	<u>908,084</u>	<u>982,607</u>
Interest income	4,258	148
Other income	(2,871)	(1,951)
Total support, revenues and gains	<u>1,651,892</u>	<u>2,113,416</u>
Expenses		
Program services:		
Grant to Indiana University Foundation	1,127,000	1,500,000
Other program expenses	7,113	4,550
	<u>1,134,113</u>	<u>1,504,550</u>
Supporting services:		
Management and general expenses	269,143	217,910
Fundraising expenses	182,005	136,372
	<u>451,148</u>	<u>354,282</u>
Total expenses	<u>1,585,261</u>	<u>1,858,832</u>
Increase in net assets	66,631	254,584
Net assets without donor restrictions at beginning of year	528,297	273,713
Net assets without donor restrictions at end of year	<u>\$ 594,928</u>	<u>\$ 528,297</u>

See accompanying notes.

Vera Bradley Foundation for Breast Cancer, Inc.

Statements of Cash Flows

	Year ended October 31	
	2022	2021
Operating activities		
Increase in net assets	\$ 66,631	\$ 254,584
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
Accrued interest receivable	(2,379)	2,950
Contributions, pledges and other accounts receivable	42,331	5,950
Inventory	19,943	(12,550)
Prepaid expenses and other current assets	622	75
Cash surrender value of life insurance	10,860	(6,583)
Grant payable to Indiana University Foundation	(373,000)	100,000
Accounts payable and accrued expenses	(7,234)	9,871
Accounts payable to Vera Bradley, Inc.	21,990	54,858
Deferred revenue	-	(25,000)
Net cash provided by (used in) operating activities	<u>(220,236)</u>	384,155
Investing activities		
Purchases of short-term investments	(1,217,616)	(1,275,000)
Proceeds from sales and maturities of short-term investments	1,275,737	1,092,201
Net cash provided by (used in) investing activities	<u>58,121</u>	(182,799)
Increase (decrease) in cash and cash equivalents	(162,115)	201,356
Cash and cash equivalents at beginning of year	303,174	101,818
Cash and cash equivalents at end of year	<u>\$ 141,059</u>	<u>\$ 303,174</u>

See accompanying notes.

Vera Bradley Foundation for Breast Cancer, Inc.

Notes to Financial Statements

October 31, 2022

1. Organization and Summary of Significant Accounting Policies

Organization

The Vera Bradley Foundation for Breast Cancer, Inc. (Foundation) was founded on courage, compassion and commitment. Moved by the loss of their dear friend, Mary Sloan, Vera Bradley, Inc. co-founders Barbara Bradley Baekgaard and Patricia R. Miller embraced the cause and began raising funds for breast cancer research in 1993. The Foundation was established as a not-for-profit organization in 1998.

The Vera Bradley Foundation for Breast Cancer raises funds for research to find a cure and to improve the lives of the many affected by this disease.

Since then, breast cancer research has come a long way, and the brilliant researchers at the Vera Bradley Foundation Center for Breast Cancer Research are helping to lead the path toward a cure. Located at the Indiana University School of Medicine, their work is making a positive impact on scientific discoveries that are saving and improving women's lives around the world. Since 1999, when the Foundation began its relationship with Indiana University School of Medicine, it has contributed \$38.627 million to breast cancer research.

The Foundation receives support from Vera Bradley, Inc. and individuals (the general public) and from special events.

General contributions include:

- Unsolicited direct donations via mail or credit card transaction online categorized under "Hope Grows."
- Direct donations collected through Vera Bradley Corporate Stores nationwide and its website in the amount of \$491,063 and \$625,814 for the years ending October 31, 2022 and 2021, respectively, excluding collections designated for the Vera Bradley Foundation for Breast Cancer Classic.

Special events have historically included the following Foundation fundraising events:

- The Vera Bradley Foundation for Breast Cancer Classic (Classic)—the Classic is the largest amateur women's golf charity event in the country. The Classic includes golf tournaments held at two separate clubs, Pink Pickleball, closing celebration dinner and an annual donor reception. Sponsors, participants, funds collected by Vera Bradley, Inc. on behalf of the Foundation and the Turn the Town Pink campaign provide funds to help end suffering caused by breast cancer.

Vera Bradley Foundation for Breast Cancer, Inc.

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Organization (continued)

- Third-Party Hosted Events—various other fundraising events and sales promotions hosted by Vera Bradley Retail partners and other organizations.

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code and qualifies for the charitable contribution deduction. The Foundation has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. However, the Foundation is subject to federal income tax on any unrelated business taxable income. The Foundation is also exempt from State income taxes. The Foundation provides liabilities for uncertain income tax positions when a liability is probable and estimable. Management believes that it has appropriate support for any tax positions taken or expects to be taken and as such, does not have any uncertain tax positions that should be recognized, measured or disclosed in the financial statements. Management believes the Foundation is no longer subject to examination by tax authorities for years before October 31, 2019.

Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Foundation maintains a cash account at a national bank.

Short-Term Investments

The Foundation maintains short-term investments in deposits at certain affiliates of two national banks pursuant to bank deposit sweep and certificate of deposit programs. The bank deposits are FDIC insured and reported at cost, which approximates fair value.

Short-term investments consist of the following:

	October 31	
	2022	2021
Certificates of deposit	\$ 500,000	\$ 200,000
Bank deposits (sweep accounts)	717,616	400,092
Money market mutual fund	-	675,645
	<u>\$ 1,217,616</u>	<u>\$ 1,275,737</u>

Vera Bradley Foundation for Breast Cancer, Inc.

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Contributions, Pledges and Other Accounts Receivable

Contributions are recognized when cash, securities or other assets, an unconditional promise to give or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Contributions of assets other than cash are recorded at their fair market value.

Contributed services, merchandise and other in-kind contributions are recorded at their estimated fair market value when received or when an unconditional promise to give has been made. Contributions of services are recognized as revenue and expenses if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills and typically need to be purchased if not provided by donation.

Vera Bradley, Inc. provides office and warehouse space to the Foundation at no cost to the Foundation. The Foundation recorded \$23,520 of in-kind corporate support from Vera Bradley, Inc. and expense for the free use of the facilities for the years ended October 31, 2022 and 2021. In addition, the Foundation received various non-financial assets from donors during the fiscal years ended October 31, 2022 and 2021 that were utilized in fundraising activities. These non-financial assets were recorded as contributions and expenses at fair value estimated on the date of donation using the cost of purchasing similar goods and services.

In addition, the Foundation received donations and services from Board members, Vera Bradley, Inc. employees, and a countless number of volunteers who give significant amounts of their time to the Foundation, including fundraising and participation in Foundation events in furtherance of the Foundation's mission. The Foundation is the benefactor of the net proceeds of fundraising events organized by volunteers in support of the Foundation. The value of this donated volunteer time is not reflected in the accompanying financial statements, as it does not meet the aforementioned criteria for recognition pursuant to accounting principles generally accepted in the United States of America.

The Foundation provides an allowance for doubtful accounts for estimated losses in the collections of contributions, pledges and other accounts receivable, which is based upon an analysis of outstanding amounts, taking into consideration the age of past due amounts, an assessment of the supporter's ability to pay and historical collection information. When specific accounts are deemed uncollectible, in whole or in part, such amounts are written off, although collection efforts may continue. As of October 31, 2022 and 2021, no allowance for doubtful accounts was deemed necessary.

Vera Bradley Foundation for Breast Cancer, Inc.

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Contributions, Pledges and Other Accounts Receivable (continued)

Contributions, pledges and other accounts receivable consisted of the following:

	October 31	
	2022	2021
Vera Bradley, Inc.:		
Corporate support	\$ 100,000	\$ 100,000
Funds collected on behalf of the Foundation	219,070	312,108
Other receivable	28,630	-
Total receivables from Vera Bradley, Inc.	<u>347,700</u>	412,108
Other receivables	87,591	65,514
	<u>\$ 435,291</u>	<u>\$ 477,622</u>

Inventory

Inventory consists of apparel and ribbons for future events or sale that are valued at the lower of cost or net realizable value using the first-in, first-out (FIFO) method.

Grant Payable

The grant is recorded as payable upon its unconditional approval by the Board of Directors and communication to Indiana University Foundation.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor- or grantor- imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available to use in general operations and not subject to donor- (or certain grantor-) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived

Vera Bradley Foundation for Breast Cancer, Inc.

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Net Assets (continued)

assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled or both. As of October 31, 2022 and 2021, the Foundation had no net assets with donor restrictions.

Special Events Revenue and Unearned Income

Special events revenue is recognized on completion of a specific activity or event.

Special events revenue is presented in the statement of activities and changes in net assets net of expenses (direct benefits to participants and donors). Special events revenue and expenses consisted of the following:

	Year-ended October 31, 2022		
	Revenue	Expenses	Net
Classic:			
Revenue generated and expenses incurred	\$ 956,510	\$ 162,523	\$ 792,987
In-kind services, merchandise and other	52,973	52,973	-
Total Classic	<u>1,009,483</u>	<u>216,496</u>	<u>792,987</u>
Other events and sales promotions	118,532	3,435	115,097
Total special events	<u>\$ 1,128,015</u>	<u>\$ 219,931</u>	<u>\$ 908,084</u>

	Year-ended October 31, 2021		
	Revenue	Expenses	Net
Classic:			
Revenue generated and expenses incurred	\$ 1,011,107	\$ 100,026	\$ 911,081
In-kind services, merchandise and other	38,800	38,800	-
Total Classic	<u>1,049,907</u>	<u>138,826</u>	<u>911,081</u>
Other events and sales promotions	76,641	5,115	71,526
Total special events	<u>\$ 1,126,548</u>	<u>\$ 143,941</u>	<u>\$ 982,607</u>

Classic revenue and expenses, including support from Vera Bradley, Inc.:			
Amount recognized above	\$ 1,049,907	\$ 138,826	\$ 911,081
Vera Bradley, Inc. support for the Classic	60,022	-	60,022
	<u>\$ 1,109,929</u>	<u>\$ 138,826</u>	<u>\$ 971,103</u>

Vera Bradley Foundation for Breast Cancer, Inc.

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Special Events Revenue and Unearned Income (continued)

Total contributed services, merchandise and other in-kind contributions included gifts and prizes for Classic participants, decorations and floral arrangements, food for Classic participants and volunteers, auction and other items.

Revenue generated from the Classic consisted of the following:

	Year ended October 31	
	2022	2021
Vera Bradley, Inc. support and assistance:		
Corporate support	\$ -	\$ 60,022
Funds collected on behalf of the Foundation	268,220	338,125
	268,220	398,147
Corporate sponsorships	545,935	532,640
Golf and pickleball registration fees	108,976	95,715
Contributions from individuals	33,379	44,627
In-kind services, merchandise and other	52,973	38,800
	\$ 1,009,483	\$ 1,109,929

Employee Leasing and Administrative Expenses

On January 28, 2017, the Foundation and Vera Bradley Designs, Inc., a wholly-owned subsidiary of Vera Bradley, Inc., entered into an Employee Leasing and Administrative Services Agreement (Services Agreement). The Foundation pays Vera Bradley, Inc. a fee for all compensation, benefits and other employee related costs, and other administrative services listed in the Services Agreement. The term of the Services Agreement began on January 29, 2017 for a period of one year and is automatically renewed for successive one year periods until terminated by either party upon thirty days' notice.

Pursuant to the Services Agreement the Foundation incurred costs of \$323,087 and \$209,442 for compensation, benefits and other employee related costs for the years ended October 31, 2022 and 2021, respectively. The amount owed to Vera Bradley, Inc. was \$120,368 and \$63,611 as of October 31, 2022 and 2021, respectively.

Vera Bradley Foundation for Breast Cancer, Inc.

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for the Foundation's October 31, 2023 financial statements. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Management is currently evaluating the effect of the pending adoption of the new standard on the financial statements.

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 clarifies the presentation and disclosure of contributed nonfinancial assets, including land, buildings and other items. This standard is intended to enhance the presentation and disclosures of these items; however, the recognition and measurement requirements for these nonfinancial assets remain unchanged in Accounting Standards Codification (ASC) 958-605. ASU 2020-07 is effective for the Foundation's periods beginning after June 15, 2021 and was applied on a retrospective basis. The new standard was adopted in these financial statements with no cumulative effect adjustment.

Functional Expenses

The costs of grants awarded, program and supporting services activities have been summarized on a functional basis in the statements of activities and changes in net assets. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance and other expenses, which are allocated on the basis of estimates of time and effort.

Vera Bradley Foundation for Breast Cancer, Inc.

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Use of Estimates

Preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassification

Certain amounts for the year ended October 31, 2021 have been reclassified to conform with the presentation for the year ended October 31, 2022.

2. Liquidity and Availability

Financial assets available for grants and other program and supporting service expenses, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	October 31	
	2022	2021
Cash and cash equivalents	\$ 141,059	\$ 303,174
Short-term investments	1,217,616	1,275,737
Accrued interest receivable	2,399	20
Contributions, pledges and other accounts receivable	435,291	477,622
	<u>\$ 1,796,365</u>	<u>\$ 2,056,553</u>

As part of the Foundation's liquidity management, it has the policy to structure its financial assets to be available as it awards grants, general expenditures, liabilities and other obligations becomes due. The Foundation invests cash in excess of daily requirements in a commercial money market account and bank deposits.

Vera Bradley Foundation for Breast Cancer, Inc.

Notes to Financial Statements (continued)

3. Grants Payable

The changes in the grant payable is summarized as follows:

	October 31	
	2022	2021
Grant payable at beginning of year	\$ 1,500,000	\$ 1,400,000
Unconditional grant awarded	1,127,000	1,500,000
Less payments made	(1,500,000)	(1,400,000)
Grant payable at end of year	<u>\$ 1,127,000</u>	<u>\$ 1,500,000</u>

On December 16, 2021, the Foundation entered into a \$12,500,000 non-binding intention to provide support to Indiana University Foundation, Inc. (Indiana University Foundation) for the purpose of establishing the Vera Bradley Foundation for Breast Cancer Immunotherapy Research Fund. Pursuant to this non-binding intention, a grant of \$1,127,000 was awarded in the year ended October 31, 2022.

It is the Foundation's intention to fulfill this commitment over a 10 year period or as funds became available to the Foundation. Payments to the Indiana University Foundation are submitted annually in the month of December upon approval of the Foundation's Board of Directors, at its discretion.

On September 24, 2014, the Foundation entered into a \$15,000,000 non-binding intention to provide support to the Indiana University Melvin & Bren Simon Cancer Center at the Indiana University School of Medicine, which was confirmed on June 17, 2015. Indiana University Foundation agreed that \$10,000,000 was designated to establish the Vera Bradley Foundation Precision Therapeutics Research Fund with 50 percent used to endow the account and 50 percent to be available for immediate use. Of the remaining Funds, \$3,000,000 was used to establish the Vera Bradley Foundation Scholars Program. The remaining \$2,000,000 was used to establish the Vera Bradley Foundation Chair in Breast Cancer Innovation at the Indiana University Foundation. Pursuant to this non-binding intention, a grant of \$1,500,000 was awarded in the year ended October 31, 2021 and \$15,000,000 cumulatively at October 31, 2021, fulfilling the intention.

The Foundation entered into an Endowed Gift Agreement (Gift Agreement) with Indiana University Foundation and the Indiana University School of Medicine. Pursuant to the Gift Agreement, the Foundation pledged to give Indiana University Foundation \$2,500,000 with annual payments of \$250,000 due on or before December 31, 2017 through 2026. The Indiana

Vera Bradley Foundation for Breast Cancer, Inc.

Notes to Financial Statements (continued)

3. Grants Payable (continued)

University School of Medicine matched the Foundation's contribution on a dollar for dollar basis up to \$2,500,000. It is intended that income from this gift will be used to support a Chair at the Indiana School of Medicine. The holder of the Chair will serve as the Executive Director of the Indiana School of Medicine Vera Bradley Foundation Center for Breast Cancer Research. Pursuant to the Gift Agreement, a final payment of \$300,000 was applied toward the \$2,500,000 pledge in the year ended October 31, 2018, fulfilling the pledge.

The \$2,500,000 gift memorialized in the Gift Agreement also qualified for the Indiana University Bicentennial Endowed Faculty Position Match. Such gift will receive annual matching funds from Indiana University equal to 4.5 percent of the total gift amount paid as of December 31 each year.

The \$1,127,000 grant payable at October 31, 2022 was paid on December 8, 2022. The \$1,500,000 grant payable at October 31, 2021 was paid on December 7, 2021.

4. Functional Classification of Expenses

Expenses incurred were for:

	Year ended October 31	
	2022	2021
Program services:		
Grant to Indiana University Foundation	\$ 1,127,000	\$ 1,500,000
Other program expenses—compensation, benefits and other employee related costs	7,113	4,550
Total program services	1,134,113	1,504,550
Supporting services:		
Management and general expenses:		
Cost of personnel, facilities and other items provided by Vera Bradley, Inc.	23,520	23,520
Other expenses	245,623	194,390
	269,143	217,910
Fundraising expenses	423,776	293,379
Total supporting services expenses	692,919	511,289
Less direct special event expenses	219,931	143,941
Less cost of apparel sold	21,840	13,066
Total supporting services per the Statement of Activities and Changes in Net Assets	451,148	354,282
Total expenses	\$ 1,585,261	\$ 1,858,832

Vera Bradley Foundation for Breast Cancer, Inc.

Notes to Financial Statements (continued)

4. Functional Classification of Expenses (continued)

Supporting services expenses consisted of the following:

	Year ended October 31	
	2022	2021
Costs of personnel, facilities and other items provided by Vera Bradley, Inc.:		
Office and warehouse space	\$ 23,520	\$ 23,520
Supporting services:		
Compensation, benefits and other employee related costs	315,974	204,892
Legal and professional fees	66,836	80,144
Printing and reproduction	7,581	18,788
Gifts, giveaways and supplies	23,557	8,672
Miscellaneous	26,956	23,577
Bank service charges	10,412	11,096
Insurance	4,626	4,626
Software costs	6,618	6,288
Uncollectible pledges and other accounts receivable	4,840	11,800
Advertising	5,955	2,667
Facilities usage	50,448	30,140
Non-cash prizes	39,542	56,016
Food and beverage	58,677	14,117
Entertainment	20,960	-
Apparel purchase	26,417	14,946
	<u>669,399</u>	<u>487,769</u>
	<u>\$ 692,919</u>	<u>\$ 511,289</u>

5. Related Parties

One member of the Foundation's Board of Directors also serves as a member of the Board of Directors of Vera Bradley, Inc. One member of the Foundation's Board of Directors serves as a member of the Board of Directors of Indiana University Foundation.

6. Subsequent Events

Management has evaluated subsequent events through January 5, 2023, the date on which the financial statements were available to be issued.