

BREAST CANCER FUND
FINANCIAL STATEMENTS
For the Years Ended
December 31, 2014 and 2013

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Independent Auditors' Report

Board of Directors
Breast Cancer Fund

We have audited the accompanying financial statements of the Breast Cancer Fund, which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, cash flows and functional expenses for the years 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.

Auditors' Responsibility

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Breast Cancer Fund as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

San Francisco, California



April 14, 2015

www.bcocpa.com

BREAST CANCER FUND

STATEMENTS OF FINANCIAL POSITION

December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Assets:		
Cash and cash equivalents	\$ 1,340,035	\$ 1,021,403
Contributions and grants receivable, net	657,216	140,324
Prepaid expenses	60,554	36,119
Property and equipment, net	29,455	37,199
Other	<u>12,690</u>	<u>12,690</u>
Total assets	<u>\$ 2,099,950</u>	<u>\$ 1,247,735</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 51,336	\$ 21,384
Accrued payroll and vacation	70,427	74,368
Deferred compensation	138,127	100,057
Capital lease obligation	15,923	20,395
Other	<u>5,474</u>	<u>19,425</u>
Total liabilities	281,287	235,629
Net assets:		
Unrestricted	909,986	598,163
Temporarily restricted	<u>908,677</u>	<u>413,943</u>
Total net assets	<u>1,818,663</u>	<u>1,012,106</u>
Total liabilities and net assets	<u>\$ 2,099,950</u>	<u>\$ 1,247,735</u>

See accompanying notes and auditors' report.

BREAST CANCER FUND

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2014 and 2013

	2014			2013		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
Revenue and support:						
Contributions and grants	\$ 2,189,199	\$ 1,101,100	\$ 3,290,299	\$ 2,031,780	\$ 622,137	\$ 2,653,917
In kind donations	232,725	-	232,725	340,631	-	340,631
Fees and other income	77,334	-	77,334	88,644	-	88,644
Net assets released from restrictions	606,366	(606,366)	-	594,369	(594,369)	-
Total revenue and support	3,105,624	494,734	3,600,358	3,055,424	27,768	3,083,192
Expenses:						
Program	2,201,749	-	2,201,749	2,343,181	-	2,343,181
Management and general	331,462	-	331,462	395,069	-	395,069
Fundraising	260,590	-	260,590	256,883	-	256,883
Total expenses	2,793,801	-	2,793,801	2,995,133	-	2,995,133
Changes in net assets	311,823	494,734	806,557	60,291	27,768	88,059
Net assets, beginning of period	598,163	413,943	1,012,106	537,872	386,175	924,047
Net assets, end of period	<u>\$ 909,986</u>	<u>\$ 908,677</u>	<u>\$ 1,818,663</u>	<u>\$ 598,163</u>	<u>\$ 413,943</u>	<u>\$ 1,012,106</u>

See accompanying notes and auditors' report.

BREAST CANCER FUND

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Changes in net assets	\$ 806,557	\$ 88,059
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	22,520	25,806
(Increase) decrease in assets:		
Contributions and grants receivable	(516,892)	83,510
Prepaid expenses	(24,435)	42,632
Increase (decrease) in liabilities:		
Accounts payable	29,952	(11,733)
Accrued payroll and vacation	(3,941)	5,248
Deferred compensation	38,070	9,988
Other	(13,951)	(23,521)
Total adjustments	(468,677)	131,930
Net cash provided by operating activities	337,880	219,989
Cash flows from investing activities -		
Purchases of property and equipment	(14,776)	(2,079)
Cash flows from financing activities -		
Payments on capital lease obligation	(4,472)	(3,541)
Net increase in cash and cash equivalents	318,632	214,369
Cash and cash equivalents, beginning of period	1,021,403	807,034
Cash and cash equivalents, end of period	\$ 1,340,035	\$ 1,021,403
Supplemental disclosures of cash flow information :		
Cash paid during the year for interest	\$ 1,026	\$ 1,041

Supplemental disclosures of noncash flow information:

During the year ended December 31, 2013, Breast Cancer Fund disposed of fully depreciated equipment with an aggregate original cost of \$54,063.

In January 2013, Breast Cancer Fund entered into a capital lease agreement for the purchase of its telephone system for \$23,936.

See accompanying notes and auditors' report.

BREAST CANCER FUND

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2014 and 2013

Program, management and general, and fundraising expenses for the year ended December 31, 2014 were as follows:

	Program Expenses			Total Program Expenses	Management and General	Fundraising	Total Expenses
	Science, Public Education & Engagement	Business Accountability	Federal & State Policy and Programs				
Personnel and related expenses	\$ 829,206	\$ 134,840	\$ 191,361	\$ 1,155,407	\$ 173,489	\$ 136,684	\$ 1,465,580
Professional services	266,423	43,324	61,484	371,231	64,379	18,836	454,446
Office and operations	85,649	13,928	19,766	119,343	49,633	21,420	190,396
Occupancy	104,410	16,978	24,095	145,483	21,902	17,219	184,604
Vendor services	66,932	10,884	15,446	93,262	16,879	25,078	135,219
Supplies	79,328	12,900	18,307	110,535	-	17,287	127,822
Grants and donations	58,058	9,441	13,398	80,897	-	-	80,897
Conferences and meetings	48,009	7,807	11,079	66,895	2,508	8,390	77,793
Public relations, design, printing and reproduction	29,387	4,779	6,782	40,948	-	13,576	54,524
Depreciation and amortization	12,737	2,071	2,940	17,748	2,672	2,100	22,520
Total expenses	\$ 1,580,139	\$ 256,952	\$ 364,658	\$ 2,201,749	\$ 331,462	\$ 260,590	\$ 2,793,801
				79%	12%	9%	100%

See accompanying notes and auditors' report.

BREAST CANCER FUND

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

For the Years Ended December 31, 2014 and 2013

Program, management and general, and fundraising expenses for the year ended December 31, 2013 were as follows:

	Program Expenses						
	Science, Public Education & Engagement	Business Accountability	Federal & State Policy and Programs	Total Program Expenses	Management and General	Fundraising	Total Expenses
Personnel and related expenses	\$ 752,550	\$ 188,787	\$ 387,572	\$ 1,328,909	\$ 224,035	\$ 145,798	\$ 1,698,742
Professional services	180,955	45,395	93,194	319,544	80,568	14,944	415,056
Office and operations	66,704	16,734	34,354	117,792	46,938	19,423	184,153
Occupancy	76,136	19,100	39,211	134,447	22,669	14,740	171,856
Vendor services	51,307	12,870	26,424	90,601	15,715	26,517	132,833
Supplies	70,679	17,731	36,401	124,811	-	6,125	130,936
Grants and donations	13,926	3,494	7,171	24,591	-	-	24,591
Conferences and meetings	36,925	9,263	19,016	65,204	1,740	8,265	75,209
Public relations, design, printing and reproduction	66,309	16,634	34,150	117,093	-	18,858	135,951
Depreciation and amortization	11,433	2,868	5,888	20,189	3,404	2,213	25,806
Total expenses	\$ 1,326,924	\$ 332,876	\$ 683,381	\$ 2,343,181	\$ 395,069	\$ 256,883	\$ 2,995,133
				78%	13%	9%	100%

See accompanying notes and auditors' report.

BREAST CANCER FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE A -- Description of organization

Founded in 1992, the Breast Cancer Fund (BCF) works to prevent breast cancer by eliminating the exposure to toxic chemicals and radiation linked to the disease. The organization draws together the scientific evidence linking breast cancer to chemical and radiation exposures and translates this science into practical tools to be used to reduce the risk, and into innovative policy and market-based campaigns that result in smarter laws, safer products, and the prevention not only of breast cancer but also countless other diseases linked to environmental exposures.

NOTE B -- Summary of significant accounting policies

Basis of accounting

The financial statements are presented on the accrual basis of accounting.

Cash and cash equivalents

Cash and cash equivalents consist primarily of cash on deposit. BCF considers investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Property and equipment

Property and equipment, if purchased, are recorded at cost or, if donated, at estimated value at the time of receipt. Property and equipment are depreciated over the estimated useful lives ranging from three to five years on the straight-line basis. Leasehold improvements are amortized over the remaining lease term on the straight-line basis. Property under capital lease is amortized over the life of the lease on a straight-line basis. BCF generally capitalizes assets with an original cost over \$1,000.

Net assets

BCF classifies its net assets and activities into one of three categories:

Unrestricted: Those net assets and activities which represent the portion of expendable funds available to support operations. A portion of these net assets may be designated by the Board of Directors for specific purposes.

Temporarily restricted: Those net assets and contributions which are donor-restricted for: (a) support of specific operating activities; (b) investment for a specified term; (c) use in a specified future period; or (d) acquisition of long-lived assets. BCF has net assets temporarily restricted for specific activities and future periods at December 31, 2014 and 2013 (see Note F).

See auditors' report.

BREAST CANCER FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2014 and 2013

NOTE B -- Summary of significant accounting policies (continued)

Net assets (continued)

Permanently restricted: Those net assets and contributions which are permanently donor-restricted for holdings of: (a) assets donated with stipulations that they be preserved and not be sold; or (b) assets donated with stipulations that they be invested to provide a permanent source of income. BCF has no permanently restricted net assets at December 31, 2014 and 2013.

The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires. This occurs by increasing unrestricted net assets and decreasing temporarily restricted net assets in the Statements of Activities, and the release from restrictions is reported separately from other transactions.

Revenue recognition

BCF recognizes donor contributions and grants upon the earlier of receipt of a contribution payment or pledge or when an agreement has been executed. Contributions and grants without donor-imposed restrictions are reported as unrestricted support. Contributions and grants with donor-imposed restrictions are reported as either temporarily restricted or permanently restricted support, depending upon the type of restriction. Contributions and grants to be received over more than one fiscal year are recorded at the present value of the contribution using the risk free rate of return as determined by management. Multi-year contributions and grants at December 31, 2014 are discounted using a 2.6% rate.

Donated goods and specialized services are recorded as in kind donations at their estimated value on the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support.

Income taxes

BCF is exempt from federal and California income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. Therefore, no provision for federal or California income tax is reflected in the financial statements.

BCF recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. BCF's returns are subject to examination by federal and state tax authorities, generally for three years and four years, respectively, after they are filed.

See auditors' report.

BREAST CANCER FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2014 and 2013

NOTE B -- Summary of significant accounting policies (continued)

Functional allocation of expenses (continued)

The costs of providing the program services and supporting activities of BCF are shown on the Statements of Functional Expenses and broken into the following categories: (a) scientific work and public education and engagement related to the connection between breast cancer and exposure to toxic chemicals and radiation; (b) business accountability to move markets toward sustainable and less toxic products, and (c) federal and state advocacy work to secure policies that protect people from toxic chemicals and radiation. Expenses that can be directly identified with a specific function are allocated directly to that function. Expenses that cannot be directly identified with a specific function are allocated among the program services and the supporting activities benefited based on allocation methods and estimates made by BCF's management and approved by the Board of Directors.

Contributed goods and services

Contributions of goods are recognized at fair value when received. During the years ended December 31, 2014 and 2013, the value of contributed goods included as in kind donations in the accompanying financial statements was \$106,931 and \$113,585, respectively, and consisted primarily of supplies for mountain climbs and other outdoor challenges.

Contributions of services are recognized at fair value when received if such services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. During the years ended December 31, 2014 and 2013, the value of contributed services included as in kind donations in the accompanying financial statements was \$125,794 and \$227,046, respectively, and consisted primarily of design, consulting and public relations services.

In addition, a substantial number of volunteers have donated significant amounts of time to BCF programs. The value of these volunteer services has not been recognized in the financial statements because such services do not meet the criteria described above.

Concentration of credit risk

Financial instruments that potentially subject BCF to concentrations of credit risk consist principally of cash and cash equivalents and contributions and grants receivable. Cash and cash equivalents on deposit in accounts at financial institutions may at times exceed federally insured limits. Except for contributions and grants receivable amounts shown individually in Note C, other contributions and grants receivable consist of amounts from donors ranging from a few dollars to \$10,000 and \$6,498 at December 31, 2014 and 2013, respectively. BCF has not experienced any material losses in these accounts and management believes it is not exposed to any significant credit risk with respect to cash and cash equivalents and contributions and grants receivable.

See auditors' report.

BREAST CANCER FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2014 and 2013

NOTE B -- Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE C -- Contributions and grants receivable

Contributions and grants receivable consist of unconditional promises to give from multiple donors. The balances at December 31 consist of the following:

	<u>2014</u>	<u>2013</u>
pH Fund (multi-year grant)	\$ 500,000	\$ -
Marisla Foundation	75,000	-
Maguire/Maguire, Inc. (work place giving programs)	46,490	54,498
Johnson Family Foundation	-	20,000
North Face Foundation	-	12,500
Other donors	<u>55,751</u>	<u>53,326</u>
	677,241	140,324
Less present value discount for the pH Fund	<u>(20,025)</u>	<u>-</u>
Total	<u>\$ 657,216</u>	<u>\$ 140,324</u>

Contributions and grants receivable are due as follows:

<u>Years Ending December 31,</u>	
2015	\$ 302,241
2016	125,000
2017	125,000
2018	<u>125,000</u>
	677,241
Less present value discount for the pH Fund	<u>(20,025)</u>
	<u>\$ 657,216</u>

See auditors' report.

BREAST CANCER FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2014 and 2013

NOTE C -- Contributions and grants receivable (continued)

Contributions and grants receivable due in one to five years at December 31, 2014 were \$375,000 and were discounted to present value. The present value discount will be recognized in income as a contribution over the period from the date the promise is made to the earlier of the date of collection or the date it is due. All contributions and grants receivable due at December 31, 2013 were due in less than one year.

NOTE D -- Property and equipment

Property and equipment at December 31 consist of the following:

	<u>2014</u>	<u>2013</u>
Leasehold improvements	\$ 34,757	\$ 34,757
Furniture, fixtures, website and other assets	183,403	183,403
Office equipment	<u>155,703</u>	<u>140,927</u>
	373,863	359,087
Less accumulated depreciation and amortization	<u>(344,408)</u>	<u>(321,888)</u>
Property and equipment, net	<u>\$ 29,455</u>	<u>\$ 37,199</u>

Depreciation and amortization expense for the years ended December 31, 2014 and 2013, was \$22,520 and \$25,806, respectively.

NOTE E -- Bank line of credit

BCF has a line of credit with a bank which provides a borrowing limit of up to \$100,000. The interest on the line is payable on a monthly basis, computed at prime rate plus 3.25% (6.5% at December 31, 2014 and 2013). There were no outstanding borrowings on the line of credit at December 31, 2014 and 2013, and no activity for the years ended December 31, 2014 and 2013.

See auditors' report.

BREAST CANCER FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2014 and 2013

NOTE F -- Temporarily restricted net assets and net assets released from restrictions

Temporarily restricted net assets are available for the following at December 31:

	<u>2014</u>	<u>2013</u>
Capacity-building and strategic plan implementation (multi-year grant, Note C)	\$ 707,976	\$ 125,000
National corporate accountability campaigns	93,200	-
Science and education programs	-	9,359
Restricted for time	<u>107,501</u>	<u>279,584</u>
Total temporarily restricted net assets	<u>\$ 908,677</u>	<u>\$ 413,943</u>

Net assets were released from donor restrictions during the years ended December 31, 2014 and 2013 by incurring expenses satisfying the purpose of the restriction, by the passage of time, or by the occurrence of other specific events as follows:

	<u>2014</u>	<u>2013</u>
Capacity-building and strategic plan implementation	\$ 21,999	\$ -
National corporate accountability campaigns	151,800	250,974
Science and education programs	120,484	26,641
State policy and programs	-	9,000
Federal policy and programs	-	10,000
Restricted for time	<u>312,083</u>	<u>297,754</u>
Net assets released from restrictions	<u>\$ 606,366</u>	<u>\$ 594,369</u>

NOTE G -- Lease obligations

Capital lease

BCF entered into a capital lease agreement for the purchase of its telephone system in January 2013 under the terms of a five-year lease agreement expiring February 2018. The present value of the minimum lease payments for the telephone system of \$15,923 has been capitalized in the financial statements and is included in the cost of office equipment at December 31, 2014 shown in Note D. The lease requires 60 monthly payments of \$458, including interest. The effective interest rate on the capital lease is 5.59%.

See auditors' report.

BREAST CANCER FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2014 and 2013

NOTE G -- Lease obligations (continued)

Capital lease (continued)

The asset held under the capital lease is being amortized on the straight-line basis over 60 months, the life of the lease. Amortization of the asset is included in depreciation and amortization expense. Amortization expense was \$4,787 and \$3,590 for the years ended December 31, 2014 and 2013, respectively. Accumulated amortization on this equipment was \$8,377 and \$3,590 at December 31, 2014 and 2013, respectively.

Future minimum lease commitments under the capital lease are as follows:

<u>Years Ending December 31,</u>	
2015	\$ 5,498
2016	5,498
2017	5,498
2018	<u>916</u>
Total minimum lease payments	17,410
Less amount representing interest	<u>(1,487)</u>
Present value of net minimum lease payments	15,923
Less current portion	<u>(4,728)</u>
Present value of long-term portion of net minimum lease payments	<u>\$ 11,195</u>

Operating leases

BCF leases its operating facilities in San Francisco, California under the terms of a lease agreement which was renewed in 2014 for an additional ten years, expiring on September 30, 2024.

BCF leases equipment under the terms of two operating leases: one with monthly payments of \$260, expiring in June 2017; and one with monthly payments of \$850, expiring in March 2016.

Rent expense was \$202,029 and \$192,071 for the years ended December 31, 2014 and 2013, respectively.

See auditors' report.

BREAST CANCER FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2014 and 2013

NOTE G -- Lease obligations (continued)

Operating leases (continued)

Future minimum lease payments under the operating lease commitments for operating facilities and equipment are as follows:

<u>Years Ending December 31,</u>	<u>Facilities</u>	<u>Equipment</u>	<u>Total</u>
2015	\$ 191,580	\$ 13,320	\$ 204,900
2016	193,101	5,670	198,771
2017	199,185	1,300	200,485
2018	205,269	-	205,269
2019	211,353	-	211,353
Thereafter	<u>1,086,393</u>	<u>-</u>	<u>1,086,393</u>
	<u>\$ 2,086,881</u>	<u>\$ 20,290</u>	<u>\$ 2,107,171</u>

NOTE H -- Retirement plans

BCF maintains a defined contribution 403(b) retirement plan for all employees. Employees are eligible to make elective contributions following the date of hire up to the maximum allowed by the Internal Revenue Code. BCF does not make contributions to the plan.

BCF has a Section 457(b) Deferred Compensation Plan (the "Plan") to permit certain key employees to defer receipt of current compensation in order to provide retirement benefits on behalf of such employees. The Plan is not intended to be a qualified plan under the provisions of the Internal Revenue Code. All compensation deferred under the Plan is held in the name of BCF for the benefit of the participants. Participants' rights to receive the compensation deferred under this plan are subject to minimum vesting requirements. Contributions accrued to the Plan by BCF for the years ended December 31, 2014 and 2013 were \$33,550 and \$3,750, respectively, and a deferral was made by a participant for the year ended December 31, 2013.

NOTE I -- Subsequent events

The date to which events occurring after December 31, 2014 have been evaluated for possible adjustments to the financial statements or disclosure is April 14, 2015, which is the date on which the financial statements were available to be issued.

See auditors' report.