

NATIONAL BREAST CANCER FOUNDATION, INC.

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT
THEREON

THE YEARS ENDED JUNE 30, 2014 AND 2013

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
National Breast Cancer Foundation, Inc.
Frisco, Texas

We have audited the accompanying financial statements of National Breast Cancer Foundation, Inc., (a nonprofit organization) which comprise the statement of financial position of as of June 30, 2014 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Breast Cancer Foundation, Inc. as of June 30, 2014, 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.

Report on Summarized Comparative Information

We have previously audited the National Breast Cancer Foundation, Inc.'s 2013 financial statements, and our report dated August 13, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

THE MIB GROUP, LLC

Plano, Texas
August 14, 2014

NATIONAL BREAST CANCER FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2014

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2013)

ASSETS	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 1,788,322	\$ 1,110,146
Investments	5,864,986	4,759,863
Prepaid expenses and other assets	170,973	212,151
Royalties receivable	461,959	762,707
Other receivables	700,750	627,199
Property and equipment, net	<u>637,730</u>	<u>779,794</u>
 Total Assets	 <u><u>\$ 9,624,720</u></u>	 <u><u>\$ 8,251,860</u></u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and other liabilities	\$ 218,708	\$ 100,741
Deferred rent liability	151,156	186,430
Promise to give others	<u>260,000</u>	<u>360,000</u>
Total Liabilities	<u>629,864</u>	<u>647,171</u>
Net Assets:		
Unrestricted	8,795,956	7,295,793
Temporarily Restricted	<u>198,900</u>	<u>308,896</u>
Total Net Assets	<u>8,994,856</u>	<u>7,604,689</u>
 Total Liabilities and Net Assets	 <u><u>\$ 9,624,720</u></u>	 <u><u>\$ 8,251,860</u></u>

The accompanying notes to financial statements are an integral part of these financial statements.

NATIONAL BREAST CANCER FOUNDATION, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)

	Unrestricted	Temporarily Restricted	Totals	
			2014	2013
Revenue and Other Support:				
Contributions	\$ 10,546,674	\$ -	\$ 10,546,674	\$ 9,232,408
In-kind contributions	1,614,369	198,900	1,813,269	2,593,069
Online store, net of expenses	368		368	-
Investment income	144,052	-	144,052	116,197
Realized investment gain	6,964	-	6,964	145,210
Unrealized investment loss	222,562	-	222,562	(126,729)
Grants	250,000	-	250,000	150,000
Net assets released from restriction	308,896	(308,896)	-	-
Total Revenue and Other Support	<u>13,093,885</u>	<u>(109,996)</u>	<u>12,983,889</u>	<u>12,110,155</u>
Expenses:				
Program services:				
Breast cancer awareness	4,366,751	-	4,366,751	6,491,054
Breast cancer detection	4,134,605	-	4,134,605	3,592,182
Breast cancer research	874,941	-	874,941	740,444
Total Program Services	<u>9,376,297</u>	<u>-</u>	<u>9,376,297</u>	<u>10,823,680</u>
Management and general	1,132,469	-	1,132,469	1,226,956
Fund raising	1,083,934	-	1,083,934	1,087,947
Total Expenses	<u>11,592,700</u>	<u>-</u>	<u>11,592,700</u>	<u>13,138,583</u>
Loss on the sale of equipment	1,022	-	1,022	24
Total Expenses and Losses	<u>11,593,722</u>	<u>-</u>	<u>11,593,722</u>	<u>13,138,607</u>
Change in net assets	\$ 1,500,163	\$ (109,996)	\$ 1,390,167	\$ (1,028,452)
Net assets at beginning of year	<u>7,295,793</u>	<u>308,896</u>	<u>7,604,689</u>	<u>8,633,141</u>
Net assets at end of year	<u>\$ 8,795,956</u>	<u>\$ 198,900</u>	<u>\$ 8,994,856</u>	<u>\$ 7,604,689</u>

The accompanying notes to financial statements are an integral part of these financial statements.

NATIONAL BREAST CANCER FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2014

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Totals</u>	
				<u>2014</u>	<u>2013</u>
Breast cancer awareness programs	\$ 1,519,891	\$ -	\$ -	\$ 1,519,891	\$ 2,830,987
Breast cancer detection programs	2,906,487	-	-	2,906,487	2,590,120
Breast cancer research programs	542,088	-	-	542,088	533,816
Salaries and benefits	1,747,882	702,574	551,171	3,001,627	2,980,054
Professional and outside services	1,320,738	29,074	120,673	1,470,485	1,362,624
Office expense	1,172,174	360,279	312,762	1,845,215	2,327,970
Travel	118,221	9,794	45,953	173,968	304,819
Sales and marketing	14,589	18,499	34,876	67,964	78,123
General and administrative expense	34,227	12,249	18,499	64,975	130,070
	<u>\$ 9,376,297</u>	<u>\$ 1,132,469</u>	<u>\$ 1,083,934</u>	<u>\$11,592,700</u>	<u>\$13,138,583</u>

The accompanying notes to financial statements are an integral part of these financial statements.

NATIONAL BREAST CANCER FOUNDATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,390,167	\$ (1,028,452)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	225,473	250,305
Realized investment (gain) loss	(6,964)	(145,210)
Unrealized investment (gain) loss	(222,562)	126,729
Loss on sale of equipment	1,022	24
Deferred rent amortization	(35,274)	(47,826)
(Increase) decrease in:		
Prepaid expenses and other assets	41,178	(22,878)
Royalties receivable	300,748	(287,035)
Other receivables	(73,551)	34,301
Increase (decrease) in:		
Accounts payable and other liabilities	117,967	(282,624)
Promises to give others	(100,000)	(40,000)
Net cash provided (used in) by operating activities	<u>1,638,204</u>	<u>(1,442,666)</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	(85,931)	(175,434)
Proceeds from sale of property and equipment	1,500	-
Proceeds from sale of investments	1,135,722	4,471,196
Purchases of investments	(2,011,319)	(2,839,643)
Net cash provided by (used in) investing activities	<u>(960,028)</u>	<u>1,456,119</u>
Net Increase in Cash and Cash Equivalents	678,176	13,453
Cash and Cash Equivalents at Beginning of Year	<u>1,110,146</u>	<u>1,096,693</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,788,322</u>	<u>\$ 1,110,146</u>

The accompanying notes to financial statements are an integral part of these financial statements.

NATIONAL BREAST CANCER FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

NOTE 1 – BACKGROUND AND SUMMARY OF ACCOUNTING POLICIES

Background

The National Breast Cancer Foundation, Inc. (“NBCF” or the “Organization”) was incorporated April 25, 1991 as a Texas nonprofit corporation to save lives through early detection and to provide mammograms for those in need. The Organization’s stated mission is: “Helping women now. Providing help and inspiring hope to those affected by breast cancer through early detection, education, and support services.”

Basis of Accounting

The accounting policies of NBCF conform to accounting principles generally accepted in the United States of America. The financial statements of NBCF were prepared using the accrual basis of accounting. Material amounts of goods and services are recorded as assets or expenses at the time the liabilities arise, which is normally when title to the goods pass or when the services are received. Encumbrances representing outstanding purchase orders and other commitments for materials or services not yet received are not liabilities as of the reporting date.

Use of Estimates

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

Basis of Presentation

In order to comply with accounting principles generally accepted in the United States of America, NBCF must prepare its external financial statements in accordance with statements issued by the Financial Accounting Standards Board. The Board issued Accounting Standards Codification (“ASC”) Topic 958, “*Not-for-Profit Entities*,” which requires that all not-for-profit organizations provide a statement of financial position, a statement of activities, and a statement of cash flows. It requires reporting amounts for NBCF’s total assets, liabilities, and net assets in a statement of financial position; reporting the change in NBCF’s net assets in a statement of activities; and reporting the change in its cash and cash equivalents in a statement of cash flows.

ASC 958 also requires classification of NBCF’s net assets and its revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets – permanently restricted, temporarily restricted, and unrestricted – be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities. NBCF does not have any permanently restricted net assets.

Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2013, from which the summarized information was derived.

NATIONAL BREAST CANCER FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

NOTE 1 – BACKGROUND AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with insignificant interest rate risk and original maturities of three months or less.

Investments

Investments in marketable securities are stated at fair value. Realized and unrealized gains and losses, as well as related investment income, are reflected in the statement of activities.

Royalties Receivable

All royalty receivables are expected to be collected in a term of less than one year. Based on management's assessment of collectability no allowance for doubtful accounts has been recorded as of June 30, 2014 or 2013.

Property and Equipment

Property and equipment are recorded at acquisition cost. The Organization capitalizes assets with a cost greater than \$500. Betterments and renewals are capitalized. Maintenance and repairs are charged to operations when incurred. Depreciation and amortization of capitalized assets is computed using the straight-line method over the estimated useful lives ranging from 3 to 10 years.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Deferred Rent

The Organization has entered into an operating lease agreement for its corporate office, which contains a provision for future rent increases and tenant improvement allowances. In accordance with generally accepted accounting principles, the Organization records monthly rent expense equal to the total of the payments due over the lease term, divided by the number of months of the lease term. The difference between rent expense recorded and the amount paid is credited or charged to "Deferred Rent" which is reflected in the accompanying statement of financial position. Deferred rent at June 30, 2014 and 2013 was \$151,156 and \$186,430, respectively.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.

NATIONAL BREAST CANCER FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

NOTE 1 – BACKGROUND AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. All promises to give as of June 30, 2014 and 2013 were expected to be received within one year. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fund raising activity.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions, whose restrictions are met in the same reporting period, are reported as unrestricted support.

In-Kind Contributions

Volunteers, business firms, and others contribute substantial amounts of services, educational materials and other items toward the fulfillment of programs initiated by NBCF. To the extent that noncash contributions which are under the control of NBCF, are objectively measurable and represent program or support expenses which would be otherwise incurred, they are reflected as "In-Kind" contributions and expense of the accompanying financial statements. Contributions are stated at their estimated value at date of receipt.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

Advertising costs are expensed as incurred. During the years ended June 30, 2014 and 2013, the Organization had no advertising costs.

Fair Value Measurements

The Organization has adopted ASC 820 "*Fair Value Measurements and Disclosures*," which among other things requires enhanced disclosures about investments that are measured and reported at fair value. ASC 820 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories.

NATIONAL BREAST CANCER FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

NOTE 1 – BACKGROUND AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Level I – Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments reported in Level I include listed equities, options and corporate bonds. As required by ASC 820, the Organization does not adjust the quoted prices for these investments, even in situations where the Organization holds a large position and sale could reasonably impact the quoted price.

Level II – Pricing inputs include other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are reported in this category generally include securities such as less liquid and restricted equity securities and certain over-the-counter derivatives.

Level III – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are reported in this category generally include securities such as private equity investments, private limited partnership interests, long-term over-the-counter options, certain over-the-counter derivatives and certain bonds for which there is not an actively trading market.

In certain cases, the inputs used to measure fair value may fall into different levels of fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the level of input with the least amount of market observability that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

Income Taxes

NBCF is a not-for-profit organization that is approved as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, except to the extent of any unrelated business income. The Organization did not recognize any unrelated business income in the years ended June 30, 2014 or 2013.

The Organization has adopted the accounting rules regarding uncertainty in income taxes under ASC 740, "Income Taxes" which provides guidance for how uncertain tax positions should be recognized, presented, and disclosed in the financial statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the tax returns to determine whether the tax positions are "more-likely-than not" of being sustained by applicable tax authority. Tax positions deemed to meet the more-likely-than-not threshold would be recorded as tax benefit or expense in the current year. In the event of identification of an uncertain tax position requiring accrual, the Organization will accrue potential interest and penalties related to unrecognized tax benefits in provision for income taxes in the statement of activities. No such accruals were necessary at June 30, 2014 or 2013.

NATIONAL BREAST CANCER FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

NOTE 1 – BACKGROUND AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Management evaluates tax positions taken by the Organization and discloses any tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax period in progress. The Organization believes it is no longer subject to income tax examination for years prior to 2010.

NOTE 2 – INVESTMENTS

Investments are carried at fair value. Realized and unrealized gains and losses are reflected in the statement of activities. The following investments, all of which are valued as Level I investments as defined by the above ASC 820 fair value hierarchy, were held at June 30:

	<u>2014</u>		<u>2013</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Equity mutual funds:				
Large cap	\$ 564,326	\$ 644,674	\$ 533,183	\$ 558,130
Small cap	92,858	107,696	79,258	86,537
International	570,317	720,577	553,045	593,482
Stocks and EFTs	441,053	470,505	406,217	403,053
Fixed income mutual funds	726,149	770,155	707,730	734,343
Corporate bonds and notes	418,963	401,704	666,372	635,446
U.S. government bonds	1,169,421	1,136,983	960,607	944,359
Certificates of deposit	1,630,296	1,612,692	824,410	804,513
Total Investments	<u>\$ 5,613,383</u>	<u>\$ 5,864,986</u>	<u>\$ 4,730,822</u>	<u>\$ 4,759,863</u>

NOTE 3 – PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of June 30:

	<u>2014</u>	<u>2013</u>
Furniture and equipment	\$ 293,496	\$ 253,221
Software	127,416	127,416
Leasehold improvements	819,886	819,886
Computer equipment	353,774	339,947
Office equipment	164,410	150,039
	<u>1,758,982</u>	<u>1,690,509</u>
Less accumulated depreciation and amortization	<u>(1,121,252)</u>	<u>(910,715)</u>
Total Property and Equipment, Net	<u>\$ 637,730</u>	<u>\$ 779,794</u>

NATIONAL BREAST CANCER FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

NOTE 3 – PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation and amortization expense for the years ended June 30, 2014 and 2013 was \$225,473 and \$250,305, respectively.

NOTE 4 – PROMISES TO GIVE OTHERS

During the year ended June 30, 2012, NBCF committed to a multi-year grant of \$500,000 over a five year period to fund a breast cancer patient navigator program in Africa. At June 30, 2014, the balance of the promise to give others was \$200,000 due in the following fiscal years: 2015 – \$100,000 and 2016 – \$100,000. During the year ended June 30, 2014, NBCF committed to a monthly sponsorship contribution to Convoy of Hope in the amount of \$10,000 per month ending on December 31, 2014. The remaining balance of this commitment as of June 30, 2014 is \$60,000.

Promises to give others that will be paid in more than one year are measured in the aggregate using present value techniques that consider the promised cash flows and the Organization's year-end incremental internal borrowing rate which is approximately one percent (1%); and thus, the present value of the promised cash flows approximates the amount due on the on the grant at June 30, 2014.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were \$198,900 and \$308,896 for the years ended June 30, 2014 and 2013, respectively. The net assets were temporarily restricted for breast cancer awareness programs for the next following respective fiscal year ended.

NOTE 6 – RETIREMENT PROGRAM

NBCF sponsors a variable deferred compensation plan which is administered by a national insurance company. The plan allows for an employer contribution of twenty-one percent of total employee compensation with certain limits. The Organization also has a 401(k) plan with an employer match of employee contributions not to exceed four percent of the employee's annual compensation. Total retirement program expense for the fiscal years ended June 30, 2014 and 2013 was \$379,057 and \$416,942, respectively.

NOTE 7 – LEASE COMMITMENTS

NBCF entered into a sixty-five month lease agreement, effective February 10, 2006, with Hall Financial Group Ltd. to lease corporate offices. During the fiscal year ended June 30, 2009, the Organization entered into an agreement with its current Lessor to expand its lease space and extend the term of the lease. The original lease term was modified to extend the lease an additional 25 months commencing on December 1, 2011. On June 1, 2012, NBCF amended their lease agreement with Hall Financial Group to expand its lease space and extend the term of the lease through May 31, 2018. NBCF has a five year option to renew at the prevailing market rates.

NATIONAL BREAST CANCER FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

NOTE 7 – LEASE COMMITMENTS (CONTINUED)

NBCF pays common area maintenance costs under the lease agreement, and the monthly lease payments are \$19,429 for the period January 1, 2009 to December 31, 2011; \$20,274 for the period January 1, 2012 to May 31, 2012; \$37,208 for the period June 1, 2012 to December 31, 2013, and periodically increasing through the end of the lease term in May 2018.

Total rent expense for office and equipment leases for the years ended June 30, 2014 and 2013 was approximately \$448,000 and \$449,000, respectively.

Future minimum lease payments of office space for the next five fiscal years ended June 30 are as follows:

2015	\$ 449,383
2016	458,685
2017	467,987
2018	434,869
Thereafter	<u>-</u>
Total Minimum Lease Payments	<u><u>\$ 1,810,924</u></u>

NOTE 8 – CONCENTRATION AND CREDIT RISK

The Organization derives the majority of its revenue from contributions from contributors primarily in the United State of America. Continued funding from these sources at current levels is dependent upon various factors. Such factors include economic conditions, compliance with donor stipulations and satisfaction, and public perception of mission effectiveness and relative importance.

Financial instruments which potentially subject the Organization to concentrations of credit risks consist primarily of cash and cash equivalents and royalties receivable. The Organization places its cash and cash equivalents with high quality financial institutions, which at time may exceed federally insured limits. As of June 30, 2014, cash balances exceeded federally insured limits by approximately \$1 million. Management of the Organization periodically evaluates and has accepted the risk associated with uninsured cash balances. The Organization has not experienced any loss on such accounts.

One sponsor accounted for approximately 19% of the total royalties receivable as of June 30, 2014, and one sponsor accounted for approximately 35% of total royalties receivable as of June 30, 2013.

NATIONAL BREAST CANCER FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

NOTE 9 – RELATED PARTY TRANSACTIONS

During the years ended June 30, 2014 and 2013, an organization for which a member of the Board of Directors is an officer contributed approximately \$248,000 and \$134,000, respectively, to NBCF.

During the years ended June 30, 2014 and 2013, NBCF contributed approximately \$50,000 and \$-0-, respectively, to a hospital for which a member of the Board of Directors is an officer and recorded the contributions as program expenses in the accompanying statement of activities. During the years ended June 30, 2014 and 2013, NBCF contributed approximately \$105,000 and \$225,000, respectively, to a hospital for which a member of the Board of Directors is also a director and recorded the contributions as program expenses in the accompanying statement of activities.

The Chief Executive Officer, Chief Operating Officer, Senior Vice President of Development, and Senior Consultant for NBCF are related. Management believes the terms of the related party transactions for employment are more favorable to NBCF than could be attained from non-affiliated parties.

NOTE 10 – SUBSEQUENT EVENTS

Subsequent events were evaluated through August 14, 2014, which is the date the financial statements were available to be issued. Through August 14, 2014, no events have occurred subsequent to the year ended June 30, 2014 that would require adjustment to, or disclosure in, the financial statements.