

BREAST CANCER CONNECTIONS

FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

BREAST CANCER CONNECTIONS
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Independent Auditors' Report

To the Board of Directors of
BREAST CANCER CONNECTIONS

We have audited the accompanying statements of financial position of Breast Cancer Connections (the "Organization") as of June 30, 2012 and 2011, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Breast Cancer Connections as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Redwood City, California
November 5, 2012

BREAST CANCER CONNECTIONS
Statements of Financial Position

	June 30,	
	2012	2011
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 432,581	\$ 532,493
Pledges receivable	103,374	8,630
Prepaid expenses	12,898	9,697
Total current assets	<u>548,853</u>	<u>550,820</u>
Property and Equipment, net	12,944	21,822
Investments	1,993,460	1,990,895
Deposits	9,687	9,657
Total assets	<u>\$ 2,564,944</u>	<u>\$ 2,573,194</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Accounts payable	\$ 91,271	\$ 126,346
Accrued expenses	67,045	69,932
Total liabilities	<u>158,316</u>	<u>196,278</u>
Net Assets		
Unrestricted	2,360,151	2,270,328
Temporarily restricted	46,477	106,588
Total net assets	<u>2,406,628</u>	<u>2,376,916</u>
Total liabilities and net assets	<u>\$ 2,564,944</u>	<u>\$ 2,573,194</u>

See Notes to Financial Statements

BREAST CANCER CONNECTIONS
Statement of Activities
For the Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Total
REVENUE, GAINS, AND OTHER SUPPORT			
Public support:			
Contributions	\$ 1,022,822	\$ 295,847	\$ 1,318,669
Fundraising events revenue	215,061	-	215,061
Contributed services	115,654	-	115,654
Miscellaneous income	629	-	629
Net investment income	3,185	-	3,185
Net assets released from donor restrictions	355,958	(355,958)	-
Total revenue, gains, and other support	<u>1,713,309</u>	<u>(60,111)</u>	<u>1,653,198</u>
EXPENSES			
Program services	1,348,229	-	1,348,229
Management and general	139,325	-	139,325
Fund development	135,932	-	135,932
Total expenses	<u>1,623,486</u>	<u>-</u>	<u>1,623,486</u>
CHANGE IN NET ASSETS	89,823	(60,111)	29,712
NET ASSETS, BEGINNING OF YEAR	<u>2,270,328</u>	<u>106,588</u>	<u>2,376,916</u>
NET ASSETS, END OF YEAR	<u>\$ 2,360,151</u>	<u>\$ 46,477</u>	<u>\$ 2,406,628</u>

(continued)

BREAST CANCER CONNECTIONS
Statement of Activities (continued)
For the Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Total
REVENUE, GAINS, AND OTHER SUPPORT			
Public support:			
Contributions	\$ 1,071,454	\$ 292,158	\$ 1,363,612
Fundraising events revenue	167,372	100	167,472
Contributed services	109,783	-	109,783
In-kind donations	21,100	-	21,100
Miscellaneous income	603	-	603
Net investment income	370,196	-	370,196
Net assets released from donor restrictions	292,930	(292,930)	-
Total revenue, gains, and other support	<u>2,033,438</u>	<u>(672)</u>	<u>2,032,766</u>
EXPENSES			
Program services	1,379,508	-	1,379,508
Management and general	154,969	-	154,969
Fund development	150,148	-	150,148
Total expenses	<u>1,684,625</u>	<u>-</u>	<u>1,684,625</u>
CHANGE IN NET ASSETS	348,813	(672)	348,141
NET ASSETS, BEGINNING OF YEAR	<u>1,921,515</u>	<u>107,260</u>	<u>2,028,775</u>
NET ASSETS, END OF YEAR	<u>\$ 2,270,328</u>	<u>\$ 106,588</u>	<u>\$ 2,376,916</u>

See Notes to Financial Statements

BREAST CANCER CONNECTIONS
Statements of Cash Flows

	For the Years Ended June 30,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 29,712	\$ 348,141
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,879	45,488
In-kind donations	-	(21,100)
Net realized and unrealized (gain) loss on investments	35,264	(334,503)
Loss on disposal of property and equipment	-	1,049
Changes in operating assets and liabilities:		
(Increase) decrease in pledge and other receivables	(94,744)	91,793
(Increase) decrease in prepaid expenses	(3,201)	2,761
Increase in deposits	(30)	(167)
Increase (decrease) in accounts payable	(35,075)	26,965
Decrease in accrued expenses	(2,887)	(8,314)
Net cash provided by (used in) operating activities	<u>(62,082)</u>	<u>152,113</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturities of investments	-	196,083
Purchase of investments	<u>(37,830)</u>	<u>(56,260)</u>
Net cash provided by (used in) investing activities	<u>(37,830)</u>	<u>139,823</u>
NET (DECREASE) INCREASE IN CASH	(99,912)	291,936
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>532,493</u>	<u>240,557</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 432,581</u></u>	<u><u>\$ 532,493</u></u>

See Notes to Financial Statements

BREAST CANCER CONNECTIONS
Statements of Functional Expenses
For the Years Ended June 30, 2012 and 2011

	Program Services		Management and General		Fund Development		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Salaries & wages	\$ 398,121	\$ 427,983	\$ 37,877	\$ 60,522	\$ 50,208	\$ 80,227	\$ 486,206	\$ 568,732
Payroll taxes	34,602	36,270	3,149	5,179	4,174	6,865	41,925	48,314
Benefits	43,533	48,425	4,675	6,954	6,198	9,217	54,406	64,596
Total salaries and benefits	476,256	512,678	45,701	72,655	60,580	96,309	582,537	681,642
Early detection program costs (Gabriella Patser)	430,643	428,850	-	-	-	-	430,643	428,850
Other professional services	71,828	56,707	28,821	13,779	38,205	25,547	138,854	96,033
In-kind donated services	115,654	109,783	-	-	-	-	115,654	109,783
Rent	76,858	75,610	17,293	17,012	1,921	1,890	96,072	94,512
Support programs	64,103	56,732	-	-	-	-	64,103	56,732
Newsletters	16,188	15,553	2,491	2,393	6,226	5,982	24,905	23,928
Program marketing	23,382	6,849	-	-	-	-	23,382	6,849
Occupancy expenses	17,080	18,202	3,843	4,095	427	455	21,350	22,752
Accounting	-	-	20,929	19,769	-	-	20,929	19,769
Fundraising events	-	-	-	-	16,577	11,652	16,577	11,652
Technology/information	10,214	11,870	2,298	2,671	255	297	12,767	14,838
Direct mail solicitation	-	-	-	-	8,675	4,501	8,675	4,501
Supplies	8,334	7,430	-	-	-	-	8,334	7,430
Volunteer expenses	8,038	7,825	-	-	-	-	8,038	7,825
Client information / education - direct support	6,873	14,128	-	-	-	-	6,873	14,128
Telephone	4,376	4,619	985	1,039	109	116	5,470	5,774
Annual report	2,917	2,733	449	420	1,122	1,051	4,488	4,204
End of life support (Karen Swanson Fund)	2,990	5,552	-	-	-	-	2,990	5,552
Meetings & travel	2,743	1,577	-	-	-	-	2,743	1,577
Library	1,584	2,092	-	-	-	-	1,584	2,092
Staff development	1,065	4,180	-	-	-	-	1,065	4,180
Other administrative expenses	-	-	14,917	13,081	1,657	1,453	16,574	14,534
Subtotal before depreciation	1,341,126	1,342,970	137,727	146,914	135,754	149,253	1,614,607	1,639,137
Depreciation	7,103	36,538	1,598	8,055	178	895	8,879	45,488
Total	\$ 1,348,229	\$ 1,379,508	\$ 139,325	\$ 154,969	\$ 135,932	\$ 150,148	\$ 1,623,486	\$ 1,684,625
% of total expenses	83%	81%	9%	10%	8%	9%	100%	100%

See Notes to Financial Statements

BREAST CANCER CONNECTIONS

Notes to Financial Statements

1. NATURE OF ACTIVITIES

Breast Cancer Connections (the “Organization”) provides personalized information and support to people touched by breast cancer in an atmosphere of warmth, sensitivity, and understanding. The Organization is a nonprofit voluntary health and welfare organization, incorporated in 1995, and located in Palo Alto, California.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Basis of Presentation:

The Organization’s financial statements are presented on the basis of unrestricted, temporarily restricted, and permanently restricted net assets.

Unrestricted net assets represent unrestricted resources available to support the Organization’s operations and temporarily restricted resources which became available for use by the Organization in accordance with the intentions of donors.

Temporarily restricted net assets represent contributions that are limited in use by the Organization in accordance with temporary donor imposed stipulations. These stipulations may expire with time or may be satisfied and removed by the actions of the Organization according to the terms of the contribution. Upon satisfaction of such stipulations, the associated net assets are released from temporarily restricted net assets and recognized as unrestricted net assets. If a restriction is fulfilled in the same fiscal year in which the contribution is received, the Organization classifies the support as unrestricted.

Permanently restricted net assets represent contributions to be held as investments in perpetuity as directed by the original donor. The Organization has no permanently restricted net assets.

BREAST CANCER CONNECTIONS

Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates:

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

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Organization considers cash and cash equivalents to include all cash accounts held in banks and other financial institutions with an initial maturity of three months or less.

Contributions:

Contributions are recognized as revenue when they are received or unconditionally promised. Contributions received are recorded as increases in unrestricted, temporarily restricted or permanently restricted net assets, depending on the existence or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a 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.

The Organization uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. As of June 30, 2012 and 2011, there were no allowances provided.

Unconditional promises to give are recorded at their net realizable value. If such promises are due in more than one year, they are discounted to the present value of their estimated future cash flows at risk-free rates with maturity dates similar to the expected collection period.

Special Events:

The gross revenues raised by special fundraising events are recorded as fundraising events revenues and the associated costs are shown as fundraising events expenses when the events occur.

BREAST CANCER CONNECTIONS

Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments:

Investments in marketable debt and equity securities with readily determinable fair values are carried at fair value based on quoted market prices. Investment sales and purchases are recorded on a trade-date basis. Interest income is recognized as earned on the accrual basis and dividend income is recognized as of the ex-dividend date. Unrealized gains or losses on investments resulting from market fluctuations are recorded in the statement of activities in the period such fluctuations occur.

The Organization follows the U.S. GAAP framework for fair value measurements. Investments measured at fair value are classified in one of the following fair value hierarchy levels, based on the lowest level input that is significant to the fair value measurement in its entirety:

- | | |
|---------|---|
| Level 1 | Quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities, without adjustment. |
| Level 2 | Quoted prices in markets that are not considered to be active for identical or similar assets or liabilities, quoted prices in active markets of similar assets or liabilities, and inputs other than quoted prices that are observable or can be corroborated by observable market data. |
| Level 3 | Inputs that are both significant to the fair value measurement and unobservable, including inputs that are not derived from market data or cannot be corroborated by market data. |

Property and Equipment:

Property and equipment are recorded at cost when purchased or at its estimated fair market value when donated. Such donations are reported as unrestricted support unless the donor has restricted the assets to a specific purpose. The Organization uses a threshold of \$1,000 for capitalizing property and equipment. Property and equipment is depreciated using the straight line method over the estimated useful lives ranging from 3 to 5 years.

BREAST CANCER CONNECTIONS

Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Services:

The Organization benefits from services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the Organization's program operations and in its fundraising campaigns. Contributed services, which require specialized skill and which the Organization would have paid for if not donated, are recorded at their estimated fair market value at the time the services are rendered. The Organization recognized \$115,654 and \$109,783 of contributed services for the years ended June 30, 2012 and 2011, respectively, for professional services provided by doctors, therapists, nurses, lawyers, and other professionals. In addition, members of the community contributed their services to the Organization performing various other tasks, which did not meet the requirements for recognition in the financial statements.

In-kind Donations:

Donated property, facilities and other non-cash donations are recorded as contributions at the fair value of the gift at the date of the donation. The Organization recognized in-kind donations of \$0 and \$21,100 for the years ended June 30, 2012 and 2011, respectively.

Functional Allocation of Expenses:

The cost of providing programs and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program and supporting services based on management estimates.

Income Taxes:

The Organization is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and similar state provisions, except on net income derived from unrelated business activities.

U.S. GAAP requires the Organization to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the applicable tax authority. The Organization has reviewed its tax positions for all open tax years and believes that it has appropriate support for the tax positions taken. Therefore, no liability has been recorded.

The Organization files United States federal and California tax returns. The Organization is no longer subject to federal tax examinations before 2008 or California tax examinations before 2007.

BREAST CANCER CONNECTIONS

Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements:

In July 2010, the FASB issued ASU No. 2010-20, "*Receivables (Topic 310): Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*," (ASU 2010-20), which amends ASC 310 to improve the disclosures that an entity provides about the credit quality of its financing receivables and the related allowance for credit losses. As a result of these amendments, an entity is required to disaggregate by portfolio segment or class certain existing disclosures and provide certain new disclosures about its financing receivables and related allowance for credit losses. ASU 2010-20 is effective for the Organization's year ended June 30, 2012. ASU 2010-20 concerns disclosure only and did not have an impact on the Organization's financial position or results of operations.

In October 2012, the FASB issued Accounting Standard Update No. 2012-04, *Technical Corrections and Improvements*, ("ASU 2012-04"), to address feedback received from stakeholders on the *FASB Accounting Standards Codification* ("Codification") and to make other incremental improvements to U.S. GAAP. The amendments in this Update represent changes to clarify the Codification, correct unintended application of guidance, or make minor improvements to the Codification that are not expected to have a significant effect on current accounting practice or create a significant administrative cost to most entities. Additionally, the amendments will make the Codification easier to understand and the fair value measurement guidance easier to apply by eliminating inconsistencies and providing needed clarifications. ASU 2012-04 is effective for the Organization's year ending June 30, 2015. It is not anticipated that ASU 2012-04 will have a material impact on the Organization's financial position or results of operations.

In October 2012, the FASB issued Accounting Standards Update No. 2012-04, *Technical Corrections and Improvements*, ("ASU 2012-04"), to address feedback received from stakeholders on the *FASB Accounting Standards Codification* ("Codification") and to make other incremental improvements to U.S. GAAP. Many of the amendments conform wording to be consistent with the terminology in Topic 820, *Fair Value Measurement*, and are generally nonsubstantive in nature. These are referred to as the Conforming Amendments. ASU 2011-04 is effective for the Organization's year ending December 31, 2014. It is not anticipated that ASU 2012-04 will have a material impact on the Organization's financial position or results of operations.

BREAST CANCER CONNECTIONS
Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements: (continued)

In October 2012, the FASB issued Accounting Standards Update (ASU) No. 2012-05, *Statement of Cash Flows (Topic 230): Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*. The amendments in this ASU require a not-for-profit entity (NFP) to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows as cash inflows from operating activities, if those cash receipts were from the sale of donated financial assets that upon receipt were directed without any NFP-imposed limitations for sale and were converted nearly immediately into cash. ASU 2012-05 is effective for the Organization’s year ending June 30, 2014. ASU 2012-05 concerns classification on the statement of cash flows only and will not have an impact on the Organization’s financial position or result of operations.

3. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash and investments which, at times, may exceed federally insured limits. The deposits at financial institutions bear the credit risk associated with institutions. The Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

4. PLEDGE AND OTHER RECEIVABLES

As of June 30, 2012 and 2011, receivables consist of the following:

	<u>2012</u>	<u>2011</u>
Other unrestricted purposes	\$ 103,374	\$ 8,630
Total receivables	<u>\$ 103,374</u>	<u>\$ 8,630</u>

Total receivables are anticipated to be collected within a year.

BREAST CANCER CONNECTIONS
Notes to Financial Statements

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2012	2011
Office equipment	\$ 30,301	\$ 30,301
Furniture	36,398	36,398
Library assets	7,185	7,185
Leasehold improvements	282,323	282,323
	<u>356,207</u>	<u>356,207</u>
Less accumulated depreciation	343,263	334,385
Total	<u>\$ 12,944</u>	<u>\$ 21,822</u>

Depreciation of property and equipment for the years ended June 30, 2012 and 2011 was \$8,879 and \$45,488, respectively.

6. INVESTMENTS

Investments as of June 30, 2012 and 2011 are as follows:

2012	Total Cost	Fair Value	Unrealized Gain
Stock mutual funds	\$ 1,212,193	\$ 1,403,023	\$ 190,830
Bond mutual funds	569,962	590,437	20,475
	<u>\$ 1,782,155</u>	<u>\$ 1,993,460</u>	<u>\$ 211,305</u>

2011	Total Cost	Fair Value	Unrealized Gain
Stock mutual funds	\$ 1,186,581	\$ 1,413,921	\$ 227,340
Bond mutual funds	557,579	576,974	19,395
	<u>\$ 1,744,160</u>	<u>\$ 1,990,895</u>	<u>\$ 246,735</u>

BREAST CANCER CONNECTIONS
Notes to Financial Statements

6. INVESTMENTS (continued)

Investment income consists of the following:

	2012	2011
Dividends	\$ 37,842	\$ 34,908
Interest income	607	785
Net realized gain on investments	166	7,008
Net unrealized gain (loss) on investments	(35,430)	327,495
	<u>\$ 3,185</u>	<u>\$ 370,196</u>

Investments in securities are exposed to various risks, such as changes in interest rates or credit ratings and market fluctuations. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that the value of the Organization's investments and net asset balance could fluctuate materially.

7. FAIR VALUE MEASUREMENT OF INVESTMENTS

The Organization's investments recorded at fair value have been categorized based upon a fair value hierarchy established by U.S. GAAP. See Note 2 for a discussion of the Organization's policy regarding this hierarchy. The following fair value hierarchy tables present information about the Organization's investments measured at fair value as of June 30, 2012 and 2011:

Description	2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Un-observable Inputs (Level 3)
Mutual funds:				
Index funds	\$ 1,403,023	\$ 1,403,023	\$ -	\$ -
Bond funds	590,437	590,437	-	-
	<u>\$ 1,993,460</u>	<u>\$ 1,993,460</u>	<u>\$ -</u>	<u>\$ -</u>

BREAST CANCER CONNECTIONS
Notes to Financial Statements

7. FAIR VALUE MEASUREMENT OF INVESTMENTS (continued)

Description	2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Un-observable Inputs (Level 3)
Mutual funds:				
Index funds	\$ 1,413,921	\$ 1,413,921	\$ -	\$ -
Bond funds	576,974	576,974	-	-
	<u>\$ 1,990,895</u>	<u>\$ 1,990,895</u>	<u>\$ -</u>	<u>\$ -</u>

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2012 and 2011.

Mutual funds: valued at the closing price reported on the active market on which the individual securities are traded.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

8. TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2012 temporarily restricted net assets consist of the following:

	Beginning	Additions	Released	Ending
Library fund	\$ 491	\$ 1,400	\$ 1,010	\$ 881
Client support	1,000	2,800	2,593	1,207
Gabriella Patser program	88,709	291,647	340,571	39,785
Facility improvements	11,784	-	11,784	-
Strategic planning	4,604	-	-	4,604
	<u>\$ 106,588</u>	<u>\$ 295,847</u>	<u>\$ 355,958</u>	<u>\$ 46,477</u>

BREAST CANCER CONNECTIONS
Notes to Financial Statements

8. TEMPORARILY RESTRICTED NET ASSETS (continued)

At June 30, 2011 temporarily restricted net assets consist of the following:

	<u>Beginning</u>	<u>Additions</u>	<u>Released</u>	<u>Ending</u>
Library fund	\$ 63	\$ 1,000	\$ 572	\$ 491
Client support	-	1,000	-	1,000
Gabriella Patser program	74,469	290,258	276,018	88,709
Facility improvements	28,124	-	16,340	11,784
Strategic planning	4,604	-	-	4,604
	<u>\$ 107,260</u>	<u>\$ 292,258</u>	<u>\$ 292,930</u>	<u>\$ 106,588</u>

Net assets were released from restrictions during 2012 and 2011 for program services.

9. FUNDRAISING INCOME

The annual fundraising event for the years ended June 30, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Event revenue	\$ 215,061	\$ 167,472
Event expenses	16,577	11,652
Net event income	<u>\$ 198,484</u>	<u>\$ 155,820</u>

10. ALLOCATION OF JOINT COSTS

The Organization achieves some of its programmatic goals in an informative newsletter that also includes requests for contributions. In addition, the Organization produces an annual report that also includes requests for donations. For the years ended June 30, 2012 and 2011, total costs of producing the newsletters and annual reports were \$29,393 and \$28,132, respectively. These costs were allocated as follows: 65% to program, 10% to management and general and 25% to fundraising based on informational content.

BREAST CANCER CONNECTIONS
Notes to Financial Statements

11. DEFINED CONTRIBUTION RETIREMENT PLAN

The Organization sponsors a defined contribution retirement plan that qualifies under IRS Code 403(b). The plan covers all employees who are 21 or older and have completed one year of employment. Contributions are determined to be three percent of each employee's annual salary, which totaled \$9,524 and \$11,345 for the years ended June 30, 2012 and 2011, respectively.

12. LEASE COMMITMENTS

The Organization leases an office space in Palo Alto under a non-cancelable operating lease agreement which is set to expire on March 31, 2014. Future minimum lease payments are as follows:

2013	\$	100,068
2014		<u>76,446</u>
	\$	<u>176,514</u>

13. SUBSEQUENT EVENTS

Management has reviewed subsequent events and transactions that occurred after the statement of financial position date through November 5, 2012, the date the financial statements were issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no nonrecognized subsequent events that require additional disclosure.

