

AmerI can Breast Cancer
FOUNDATION

FINANCIAL STATEMENTS

March 31, 2011 and 2010

The American Breast Cancer Foundation, Inc.

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Weil, Akman, Baylin & Coleman, P.A. Certified Public Accountants

201 West Padonia Road • Suite 600 • Timonium, MD 21093-2186
410-561-4411 • Fax 410-561-4586 • <http://www.wabccpas.com>

INDEPENDENT AUDITOR'S REPORT

Board of Directors of
The American Breast Cancer Foundation, Inc.
Baltimore, Maryland

We have audited the accompanying statements of financial position of the American Breast Cancer Foundation, Inc. as of March 31, 2011 and 2010 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Foundation'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 the American Breast Cancer Foundation, Inc. as of March 31, 2011 and 2010, 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.

Weil, Akman, Baylin & Coleman, P.A.

Timonium, Maryland
October 28, 2011

THE AMERICAN BREAST CANCER FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

MARCH 31,	2011	2010
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,304,419	\$ 1,105,695
Certificate of deposit	-	125,000
Investments	314,170	295,309
Legacies and bequests receivable	27,006	450,000
Other receivables	52,290	-
Prepaid expenses	10,143	19,679
Total current assets	1,708,028	1,995,683
Property and equipment, net	25,093	50,864
Other assets		
Intangible assets, net	407	547
Deposit	6,826	5,634
Total other assets	7,233	6,181
Total assets	\$ 1,740,354	\$ 2,052,728

See independent auditor's report and notes to the financial statements.

LIABILITIES AND NET ASSETS

Accounts payable	\$ 235,096	\$ 332,735
Accrued expenses	144,705	462,920
Other current liabilities	-	11,881
	<hr/>	<hr/>
Total liabilities	379,801	807,536
Unrestricted net assets	<hr/>	<hr/>
	1,360,553	1,245,192
	<hr/>	<hr/>
Total liabilities and net assets	\$ 1,740,354	\$ 2,052,728

THE AMERICAN BREAST CANCER FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED MARCH 31,

2011

2010

Unrestricted revenues, gains, and other support		
Public support	\$ 5,122,457	\$ 7,008,824
Dividends and interest	12,289	13,162
Net realized and unrealized gain on investments	11,911	13,235
Other revenue	119,027	55,283
	<u>5,265,684</u>	<u>7,090,504</u>
Total unrestricted revenues, gains, and other support		
	<u>5,265,684</u>	<u>7,090,504</u>
Expenses		
Program services	1,335,742	2,629,017
General and administrative	416,270	642,580
Fundraising	3,398,311	4,560,941
	<u>5,150,323</u>	<u>7,832,538</u>
Total expenses		
	<u>5,150,323</u>	<u>7,832,538</u>
Changes in unrestricted net assets	115,361	(742,034)
Prior period adjustments	-	(270,373)
Unrestricted net assets - beginning of year	<u>1,245,192</u>	<u>2,257,599</u>
Unrestricted net assets - end of year	<u>\$ 1,360,553</u>	<u>\$ 1,245,192</u>

THE AMERICAN BREAST CANCER FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MARCH 31, 2011

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Bank charges	\$ 235	\$ 19,229	\$ 7,406	\$ 26,870
Consulting	-	16,560	14,100	30,660
Depreciation and amortization	6,561	16,674	4,100	27,335
Dues and subscriptions	-	2,908	1,584	4,492
Financial assistance - individuals	365,967	-	-	365,967
Insurance - health	10,888	10,384	3,119	24,391
Insurance - other	5,279	11,005	1,562	17,846
Interest expense	15	20	13	48
Loss on disposal of assets	-	131	-	131
Marketing	-	-	30,325	30,325
Miscellaneous	4,049	-	3,960	8,009
Meals and entertainment	297	3,059	846	4,202
Office expenses	2,171	3,290	755	6,216
Payroll processing fees	-	1,576	-	1,576
Payroll taxes	46,570	44,752	34,386	125,708
Postage and shipping	155,969	15,918	231,359	403,246
Printing and reproduction	20,942	3,928	1,240	26,110
Professional fees	7,744	57,187	17,669	82,600
Public appeal	348,343	36,663	2,811,129	3,196,135
Rent	36,203	81,802	24,671	142,676
Repairs and maintenance	5,281	7,555	3,409	16,245
Retirement plan contribution	3,407	1,014	2,679	7,100
Salaries - officers	14,939	11,738	26,678	53,355
Salaries - other	247,133	44,637	157,800	449,570
Seminars	3,704	9,107	1,307	14,118
State registration	642	-	1,412	2,054
Support grants	25,000	-	-	25,000
Telephone and internet	20,385	4,821	10,038	35,244
Travel	779	4,821	4,842	10,442
Utilities	3,239	7,491	1,922	12,652
Total expenses	\$ 1,335,742	\$ 416,270	\$ 3,398,311	\$ 5,150,323

THE AMERICAN BREAST CANCER FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MARCH 31, 2010

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Bank charges	\$ -	\$ 21,272	\$ 4,559	\$ 25,831
Consulting	-	1,729	-	1,729
Depreciation and amortization	7,217	18,342	4,510	30,069
Dues and subscriptions	110	5,234	24,785	30,129
Equipment rental	319	128	155	602
Financial assistance - individuals	1,328,814	-	-	1,328,814
Insurance - health	28,508	12,684	14,631	55,823
Insurance - other	3,613	18,573	2,529	24,715
Marketing	-	-	60,485	60,485
Miscellaneous	4,263	11,248	5,433	20,944
Meals and entertainment	606	2,511	954	4,071
Office expenses	4,019	8,189	4,583	16,791
Payroll processing fees	-	837	-	837
Payroll taxes	39,055	13,065	28,026	80,146
Permits and licenses	-	32	-	32
Postage and shipping	178,798	18,468	237,077	434,343
Printing and reproduction	1,449	452	1,879	3,780
Professional fees	9,081	175,254	20,374	204,709
Public appeal	466,112	49,069	3,678,105	4,193,286
Rent	43,644	109,108	27,277	180,029
Repairs and maintenance	8,551	9,409	5,073	23,033
Retirement plan contribution	7,407	2,770	6,621	16,798
Salaries - officers	80,879	63,250	144,129	288,258
Salaries - other	359,526	73,934	262,522	695,982
Seminars	1,099	10,168	694	11,961
State registration	1,767	-	2,718	4,485
Support grants	20,000	-	-	20,000
Temporary services	5,936	95	4,545	10,576
Telephone and internet	21,067	7,632	10,626	39,325
Travel	3,633	1,074	6,687	11,394
Utilities	3,544	8,053	1,964	13,561
Total expenses	\$ 2,629,017	\$ 642,580	\$ 4,560,941	\$ 7,832,538

THE AMERICAN BREAST CANCER FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31,

2011

2010

Cash flows from operating activities:

Changes in unrestricted net assets	\$ 115,361	\$ (742,034)
Adjustments to reconcile changes in unrestricted net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	27,335	30,069
Net realized and unrealized gain on investments	(11,911)	(13,235)
Loss on disposal of assets	131	-
Prior period adjustment	-	(270,373)
 (Increase) decrease in assets:		
Legacies and bequests receivable	422,994	(447,951)
Other receivables	(52,290)	-
Prepaid expenses	9,536	(558)
Deposit	(1,192)	(700)
 Increase (decrease) in liabilities:		
Accounts payable	(97,639)	12,079
Accrued expenses	(318,215)	427,864
Other current liabilities	(11,881)	(189)

Net cash provided (used) by operating activities

82,229 (1,005,028)

Cash flows from investing activities:

Purchase of property and equipment	(1,554)	(1,157)
Redemption of certificate of deposit	125,000	100,000
Purchase of investments	-	(281,333)
Dividends from investments reinvested	(6,951)	(3,613)
Proceeds from sale of investments	-	117,570

Net cash provided (used) by investing activities

116,495 (68,533)

Net increase (decrease) in cash and cash equivalents

198,724 (1,073,561)

Cash and cash equivalents - beginning of year

1,105,695 2,179,256

Cash and cash equivalents - end of year

\$ 1,304,419 \$ 1,105,695

Supplemental disclosure of cash flow information:

Cash paid for:

Interest	\$ 48	\$ -
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THE AMERICAN BREAST CANCER FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011 AND 2010

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The American Breast Cancer Foundation, Inc. (the Foundation) is a not-for-profit corporation established to provide individuals in financial need, their families and their loved ones with education, support, and access to early detection through contributions and fundraising throughout the United States. The Foundation is the only national breast cancer organization providing financial assistance to uninsured and underserved individuals for the screening, diagnosis, treatment and survival of breast cancer.

Method of Accounting

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

Basis of Presentation

Financial statement presentation follows the recommendations of the Not-for-Profit Entities Topic of the FASB Accounting Standards Codification. Under the Topic, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There were no temporarily or permanently restricted net assets for the years ended March 31, 2011 and 2010.

Cash and Cash Equivalents

The Foundation considers all highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents. The Foundation maintains their cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation's management believes the Foundation is not exposed to any significant credit risk on their balances.

Legacies and Bequests Receivable

Legacies and bequests receivable are stated at the estimated amount management expects to collect from probated wills. All receivables are expected to be collected within a year. Management believes that the receivables are fully collectible; and therefore, no allowance is provided for the years ended March 31, 2011 and 2010.

Investments

The Not-for-Profit Entities Topic of the FASB Accounting Standards Codification requires that investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the Statement of Financial Position. The unrealized gains and losses are included in the change in unrestricted net assets.

THE AMERICAN BREAST CANCER FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011 AND 2010

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value

The Foundation follows the Fair Value Measurement and Disclosure Topic of the FASB Accounting Standards Codification, which provides a framework for measuring the fair value of assets and liabilities. The Topic also provides guidance regarding a fair value hierarchy, which prioritizes information used to measure fair value and the effect of fair value measurements on earnings and provides for enhanced disclosures determined by the level within the hierarchy of information used in the valuation. The Topic applies whenever other standards require (or permit) assets or liabilities to be measured at fair value but does not expand the use of fair value in any new circumstances.

The three levels of the fair value hierarchy and investments that fall into each of the levels are described below:

- **Level 1:** Level 1 inputs are unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- **Level 2:** Level 2 inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3:** Level 3 inputs are unobservable and cannot be corroborated by observable market data. They are based on the best information available in the circumstances.

Depreciation and Amortization

Property and equipment are stated at cost or fair value at date of donation for donated items. Depreciation and amortization is provided using the straight-line method over the estimated useful lives of the assets as follows:

Computer equipment	5 years
Furniture and fixtures	7 years
Leasehold improvements	Lesser of useful life or lease term
Office equipment	5 - 10 years
Customer lists	5 years
Trademark	15 years

Additions and betterments of \$500 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

Income Taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. The Foundation had no unrelated business income for the years ended March 31, 2011 and 2010. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

THE AMERICAN BREAST CANCER FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011 AND 2010

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Expense Allocation

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

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

NOTE B. LEGACIES AND BEQUESTS RECEIVABLE

Legacies and bequests receivable consisted of the following at March 31:

	<u>2011</u>	<u>2010</u>
Bequests from donors	\$ 27,006	\$ 450,000

NOTE C. INVESTMENTS

The following table reflects a summary of investments held by the Foundation as of March 31:

<u>Investments</u>	<u>2011</u>		<u>2010</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Municipal bonds maturing in April 2028	\$ 14,903	\$ 14,935	\$ 14,903	\$ 14,903
Mutual funds:				
Fixed income funds	<u>277,050</u>	<u>299,235</u>	<u>270,043</u>	<u>280,406</u>
Total investments	<u>\$ 291,953</u>	<u>\$ 314,170</u>	<u>\$ 284,946</u>	<u>\$ 295,309</u>

THE AMERICAN BREAST CANCER FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011 AND 2010

NOTE C. INVESTMENTS (continued)

Gains on investments were as follows for the years ended March 31:

	<u>2011</u>	<u>2010</u>
Realized gain on investments	\$ -	\$ 2,872
Unrealized gain on investments	\$ 11,911	\$ 10,363

NOTE D. PROPERTY AND EQUIPMENT, net

Property and equipment consisted of the following at March 31:

	<u>2011</u>	<u>2010</u>
Computer equipment	\$ 78,621	\$ 143,345
Furniture and fixtures	5,997	5,997
Leasehold improvements	10,466	10,466
Office equipment	25,544	52,785
	<u>120,628</u>	<u>212,593</u>
Less: accumulated depreciation	<u>(95,535)</u>	<u>(161,729)</u>
Property and equipment, net	\$ 25,093	\$ 50,864

Depreciation expense was \$27,195 and \$29,929 for the years ended March 31, 2011 and 2010, respectively.

NOTE E. INTANGIBLE ASSETS, net

Intangible assets consisted of the following at March 31:

	<u>2011</u>	<u>2010</u>
Customer lists	\$ -	\$ 26,487
Trademark	2,096	2,096
	<u>2,096</u>	<u>28,583</u>
Less: accumulated amortization	<u>(1,689)</u>	<u>(28,036)</u>
Intangible assets, net	\$ 407	\$ 547

Amortization expense was \$140 for the years ended March 31, 2011 and 2010.

THE AMERICAN BREAST CANCER FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011 AND 2010

NOTE F. RELATED PARTY TRANSACTIONS

During the years ended March 31, 2011 and 2010, the Foundation paid \$0 and \$134,733 for fundraising services to a related party, whose owner is the son of the Ex-President of the Foundation. The contract with this vendor was terminated on July 1, 2009.

NOTE G. LINE OF CREDIT

The Foundation had a \$250,000 working capital line of credit from Wachovia Bank, a Wells Fargo Company, that expired on March 31, 2011. The line was collateralized by the assets of the Foundation. The line of credit was payable on demand and bore interest at the bank's prime rate of interest plus 0.6%. There was no outstanding balance on the line as of March 31, 2011 and 2010. The line was not renewed.

NOTE H. COMMITMENTS

Operating lease

The Foundation leases office space in Maryland under a lease agreement which expires in November 2014. Rent expense was \$142,676 and \$180,029 for the years ended March 31, 2011 and 2010, respectively.

At March 31, 2011 the remaining minimum payments required under the office lease are as follows:

March 31, 2012	\$	119,172
2013		122,729
2014		126,416
2015		85,108
		<hr/>
Total future minimum payments	\$	453,425

NOTE I. ALLOCATION OF JOINT COSTS

The Foundation achieves some of its programmatic and management and general goals in direct mail campaigns that include requests for contributions. For the years ended March 31, 2011 and 2010, the costs of conducting those campaigns included a total of \$1,369,645 and \$1,674,279 of joint costs that are not directly attributable to either the program or management and general components or the fundraising component of the activities. Those joint costs were allocated as follows:

	<u>2011</u>	<u>2010</u>
Program services	\$ 52,580	\$ 644,909
Management and general	812,752	67,537
Fundraising	504,313	961,833
	<hr/>	<hr/>
Total joint costs	\$ 1,369,645	\$ 1,674,279

THE AMERICAN BREAST CANCER FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011 AND 2010

NOTE J. EMPLOYEE RETIREMENT PLAN

The Foundation has a SIMPLE IRA Plan covering essentially all employees. Employees are eligible for a 3% match from the Foundation after one year of service. The Foundation contributed \$7,100 and \$16,798 to the Plan for the years ended March 31, 2011 and 2010, respectively.

NOTE K. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values of assets measured on a recurring basis are as follows at March 31:

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
2011				
Municipal bonds	\$ 14,935	\$ 14,935	\$ -	\$ -
Mutual funds	<u>299,235</u>	<u>299,235</u>	<u>-</u>	<u>-</u>
Total assets at fair value	<u>\$ 314,170</u>	<u>\$ 314,170</u>	<u>\$ -</u>	<u>\$ -</u>
2010				
Municipal bonds	\$ 14,903	\$ 14,903	\$ -	\$ -
Mutual funds	<u>280,406</u>	<u>280,406</u>	<u>-</u>	<u>-</u>
Total assets at fair value	<u>\$ 295,309</u>	<u>\$ 295,309</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE L. PRIOR PERIOD ADJUSTMENTS

Certain errors resulting in an understatement of previously reported accrued liabilities were discovered by the Foundation during the year ended March 31, 2010. Accordingly, an adjustment of \$270,373 was made during fiscal year 2010 to record the previously unrecorded accrued grant vouchers and accrued vacation. A corresponding entry was made to reduce previously reported unrestricted net assets by \$270,373.

NOTE M. LITIGATION

In the normal course of operations, the Foundation is involved in disputes related to the termination of a fundraising agreement with a service provider. Management believes that the resolution of the matter will not have a material effect on the Foundation's financial position or results of operations.

NOTE N. SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions subsequent to March 31, 2011 through October 28, 2011, the date these financial statements were available to be issued. As required by the Subsequent Events Topic of the FASB Accounting Standards Codification, the Foundation is not aware of any subsequent events which would require recognition or disclosure in the financial statements.