

**BREAST CANCER FUND**  
**FINANCIAL STATEMENTS**  
**For the Years Ended**  
**June 30, 2008 and 2007**

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Independent Auditors' Report

Board of Directors  
Breast Cancer Fund

We have audited the accompanying statements of financial position of the Breast Cancer Fund as of June 30, 2008 and 2007 and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Breast Cancer Fund'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 Breast Cancer Fund as of June 30, 2008 and 2007, 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.

*Bregante + Company LLP*

September 8, 2008

**BREAST CANCER FUND**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2008 and 2007**

	2008	2007
<b>ASSETS</b>		
Assets:		
Cash	\$ 867,419	\$ 870,206
Contributions and grants receivable	936,689	596,450
Prepaid expenses	62,986	46,581
Property and equipment, net	70,030	62,658
Other assets	13,140	15,632
Total assets	\$ 1,950,264	\$ 1,591,527
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued liabilities	\$ 331,304	\$ 198,612
Net assets:		
Unrestricted	956,626	1,155,418
Temporarily restricted	662,334	237,497
Total net assets	1,618,960	1,392,915
Total liabilities and net assets	\$ 1,950,264	\$ 1,591,527

See accompanying notes and auditors' report.

**BREAST CANCER FUND**  
**STATEMENTS OF ACTIVITIES**

**For the Years Ended June 30, 2008 and 2007**

	2008			2007		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
Revenue and support:						
Contributions	\$ 2,160,580	\$ -	\$ 2,160,580	\$ 2,596,395	\$ -	\$ 2,596,395
Grants	338,000	1,137,450	1,475,450	62,030	730,650	792,680
In kind donations	327,781	-	327,781	247,345	-	247,345
Fees and other income	171,973	-	171,973	151,624	-	151,624
Net assets released from restrictions	<u>712,613</u>	<u>(712,613)</u>	<u>-</u>	<u>704,855</u>	<u>(704,855)</u>	<u>-</u>
Total revenue and support	3,710,947	424,837	4,135,784	3,762,249	25,795	3,788,044
Expenses:						
Program	3,095,698	-	3,095,698	2,600,545	-	2,600,545
Management and general	205,275	-	205,275	255,301	-	255,301
Fundraising	<u>608,766</u>	<u>-</u>	<u>608,766</u>	<u>448,350</u>	<u>-</u>	<u>448,350</u>
Total expenses	<u>3,909,739</u>	<u>-</u>	<u>3,909,739</u>	<u>3,304,196</u>	<u>-</u>	<u>3,304,196</u>
Changes in net assets	(198,792)	424,837	226,045	458,053	25,795	483,848
Net assets, beginning of year	<u>1,155,418</u>	<u>237,497</u>	<u>1,392,915</u>	<u>697,365</u>	<u>211,702</u>	<u>909,067</u>
Net assets, end of year	<u>\$ 956,626</u>	<u>\$ 662,334</u>	<u>\$ 1,618,960</u>	<u>\$ 1,155,418</u>	<u>\$ 237,497</u>	<u>\$ 1,392,915</u>

See accompanying notes and auditors' report.

## BREAST CANCER FUND

### STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Changes in net assets	\$ 226,045	\$ 483,848
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	28,081	33,955
(Increase) decrease in assets:		
Contributions and grants receivable	(340,239)	(98,128)
Prepaid expenses	(16,405)	(22,962)
Other assets	2,492	(459)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	<u>132,692</u>	<u>(14,056)</u>
Total adjustments	<u>(193,379)</u>	<u>(101,650)</u>
Net cash provided by operating activities	<u>32,666</u>	<u>382,198</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(35,453)</u>	<u>(28,721)</u>
Net cash used by investing activities	<u>(35,453)</u>	<u>(28,721)</u>
Net increase (decrease) in cash	(2,787)	353,477
Cash, beginning of year	<u>870,206</u>	<u>516,729</u>
Cash, end of year	<u>\$ 867,419</u>	<u>\$ 870,206</u>

#### **Noncash investing activities:**

Fully depreciated equipment with an original cost of \$26,084 was retired during the year ended June 30, 2008.

See accompanying notes and auditors' report.

**BREAST CANCER FUND**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the Years Ended June 30, 2008 and 2007**

	2008				2007			
	Program	Management and General	Fundraising	Total Expenses	Program	Management and General	Fundraising	Total Expenses
Personnel and related expenses	\$ 1,302,526	\$ 85,988	\$ 255,113	\$ 1,643,627	\$ 1,142,629	\$ 111,878	\$ 196,535	\$ 1,451,042
Professional services	436,979	46,596	88,819	572,394	334,664	42,845	38,410	415,919
Public relations, design, printing and reproduction	265,343	325	83,025	348,693	174,398	152	73,181	247,731
Vendor services	218,239	17,749	80,269	316,257	200,273	52,241	56,356	308,870
Office and operations	185,916	41,918	41,607	269,441	133,650	32,279	41,401	207,330
Occupancy	126,006	8,355	24,779	159,140	126,077	12,215	21,374	159,666
Supplies	220,235	371	10,313	230,919	99,516	249	4,131	103,896
Grants and donations	162,454	-	-	162,454	241,143	513	3,429	245,085
Conferences and meetings	155,765	2,499	20,469	178,733	121,471	305	8,926	130,702
Depreciation and amortization	22,235	1,474	4,372	28,081	26,724	2,624	4,607	33,955
<b>Total expenses</b>	<b>\$ 3,095,698</b>	<b>\$ 205,275</b>	<b>\$ 608,766</b>	<b>\$ 3,909,739</b>	<b>\$ 2,600,545</b>	<b>\$ 255,301</b>	<b>\$ 448,350</b>	<b>\$ 3,304,196</b>
	79%	5%	16%	100%	79%	8%	13%	100%

See accompanying notes and auditors' report.

# BREAST CANCER FUND

## NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

### **NOTE A -- Description of organization**

The Breast Cancer Fund (BCF) is a national nonprofit organization headquartered in San Francisco, founded in 1992, that responds to the public health crisis of breast cancer with a clear prevention vision and a focused mission: to identify and advocate for elimination of the environmental and other preventable causes of the disease. The organization issues reports on the scientific findings linking environmental factors and breast cancer; educates the public and policy makers, businesses and health providers; generates and supports legislative and regulatory reforms on local, state and national levels; calls for research into the environmental causes of breast cancer and other environmentally mediated diseases; and advocates for public health policy that protects the public from exposure to toxic chemicals and radiation.

BCF is the lead agency in the Campaign for Safe Cosmetics, a national corporate accountability campaign composed of a coalition of public health, educational, faith-based, labor, women's, environmental and consumer groups working for stronger regulation of the personal care products industry and public awareness of exposures to toxic chemicals. BCF makes grants to coalition members. Temporarily restricted net assets at June 30, 2008 and 2007, include amounts restricted for use by the Campaign for Safe Cosmetics.

### **NOTE B -- Summary of significant accounting policies**

#### **Basis of accounting**

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

#### **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. BCF generally capitalizes assets with an original cost over \$1,000.

See auditors' report.

## BREAST CANCER FUND

### NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2008 and 2007

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

##### **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 June 30, 2008 and 2007.

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 June 30, 2008 and 2007.

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 grants and donor contributions upon the earlier of receipt or when an agreement has been executed. Grants and contributions without donor-imposed restrictions are reported as unrestricted support. Grants and contributions with donor-imposed restrictions are reported as either temporarily restricted or permanently restricted support, depending upon the type of restriction. Grants to be received over more than one fiscal year are recorded at the present value of the contribution if the present value discount is material.

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.

See auditors' report.

## BREAST CANCER FUND

### NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2008 and 2007

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

##### **Income taxes**

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

##### **Functional allocation of expenses**

The costs of providing the program services and supporting activities of BCF are shown on the Statements of Functional Expenses. 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 June 30, 2008 and 2007, the value of contributed goods included as in kind donations in the accompanying financial statements was \$194,542 and \$101,464, 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 June 30, 2008 and 2007, the value of contributed services included as in kind donations in the accompanying financial statements was \$133,239 and \$145,881, respectively, and consisted primarily of design, consulting and public relations services.

In addition, BCF received donated services, primarily for public relations, design, printing and reproduction, with an estimated fair value of \$60,788 and \$67,069 for the years ended June 30, 2008 and 2007, respectively, and a substantial number of volunteers have donated significant amounts of time to BCF programs. The value of these donated and volunteer services have not been recognized in the financial statements because such services do not meet the criteria described above.

See auditors' report.

**BREAST CANCER FUND**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**June 30, 2008 and 2007**

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

**Concentration of credit risk**

Cash on deposit in accounts at financial institutions may at times exceed federally insured limits. BCF has not experienced any losses in these accounts and management believes it is not exposed to any significant credit risk.

**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 several unconditional promises to give from multiple donors. The balance at June 30, 2008 includes an annual contribution from Clif Bar/Luna for \$285,000, a \$275,000 grant from The Beldon Fund and commitments from workplace giving campaigns totaling \$287,990.

The balance at June 30, 2007 includes an annual contribution from Clif Bar/Luna for \$285,000 in addition to commitments from workplace giving campaigns totaling \$226,961.

Management expects substantially all contributions and grants receivable to be received in one year or less from the date of the financial statements.

See auditors' report.

## BREAST CANCER FUND

### NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2008 and 2007

#### **NOTE D -- Property and equipment**

Property and equipment at June 30 consist of the following:

	<u>2008</u>	<u>2007</u>
Leasehold improvements	\$ 34,757	\$ 34,757
Furniture, fixtures and other assets	145,012	136,740
Office equipment	<u>83,119</u>	<u>82,022</u>
	262,888	253,519
Less accumulated depreciation and amortization	<u>(192,858)</u>	<u>(190,861)</u>
Property and equipment, net	<u>\$ 70,030</u>	<u>\$ 62,658</u>

Depreciation and amortization expense for the years ended June 30, 2008 and 2007 was \$28,080 and \$33,955, respectively.

#### **NOTE E -- Temporarily restricted net assets and net assets released from restrictions**

Temporarily restricted net assets are available for the following at June 30:

	<u>2008</u>	<u>2007</u>
National corporate accountability campaigns	\$ 432,757	\$ 205,992
Science and education programs	-	18,838
National environment health and cancer prevention initiatives	-	5,417
Restricted for time	212,994	
State policy and programs	<u>16,583</u>	<u>7,250</u>
Total temporarily restricted net assets	<u>\$ 662,334</u>	<u>\$ 237,497</u>

Net assets were released from donor restrictions during the years ended June 30, 2008 and 2007 by incurring expenses satisfying the purpose of the restriction, by the passage of time, or by the occurrence of other specific events as follows:

See auditors' report.

## BREAST CANCER FUND

### NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2008 and 2007

**NOTE E** -- Temporarily restricted net assets and net assets released from restrictions  
(continued)

	<u>2008</u>	<u>2007</u>
National corporate accountability campaigns	\$ 498,236	\$ 540,710
Science and education programs	27,838	67,962
State policy and programs	59,117	86,600
National environment health and cancer prevention initiatives	5,417	9,583
Restricted for time	102,005	-
Federal policy and programs	<u>20,000</u>	<u>-</u>
Net assets released from restrictions	<u>\$ 712,613</u>	<u>\$ 704,855</u>

**NOTE F** -- 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 2.75% at June 30, 2008 and 2007, respectively (7.75% at June 30, 2008 and 11% at June 30, 2007). There were no outstanding borrowings on the line of credit at June 30, 2008 and 2007, and no activity for the years then ended.

**NOTE G** -- Lease obligations

BCF leases its operating facilities in San Francisco, California under terms of a ten-year lease agreement. The monthly rental payments at June 30, 2008 are \$12,270 and increase approximately 3.2% per year through August 31, 2014.

Rent expense included in occupancy cost was \$156,993 and \$156,538 for the years ended June 30, 2008 and 2007, respectively.

BCF leases equipment under the terms of two operating leases; one with monthly payments of \$314 which expires in March 2009 and one with monthly payments of \$1,082 which expires in December 2011.

See auditors' report.

## BREAST CANCER FUND

### NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2008 and 2007

#### **NOTE G** -- Lease obligations (continued)

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

<u>Years Ending June 30,</u>	<u>Facilities</u>	<u>Equipment</u>	<u>Total</u>
2009	\$ 151,460	\$ 15,807	\$ 167,267
2010	152,304	12,981	165,285
2011	157,374	12,981	170,355
2012	163,468	6,491	169,959
2013	169,564	-	169,564
Thereafter	<u>205,094</u>	<u>-</u>	<u>205,094</u>
	<u>\$ 999,264</u>	<u>\$ 48,260</u>	<u>\$ 1,047,524</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 adopted 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 as well as certain conditions of employment. Contributions accrued to the Plan by BCF for each of the years ended June 30, 2008 and 2007 were \$5,000 and \$10,000, respectively.

See auditors' report.