



**THE BREAST CANCER
RESEARCH FOUNDATION, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2011 and 2010

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Breast Cancer Research Foundation, Inc.
New York, New York

We have audited the accompanying statements of financial position of The Breast Cancer Research Foundation, Inc. (the "Foundation") as of June 30, 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements enumerated above present fairly, in all material respects, the financial position of The Breast Cancer Research Foundation, Inc. as of June 30, 2011 and 2010, and the changes in its net assets, functional expenses and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

EisnerAmper LLP

New York, New York
January 5, 2012

THE BREAST CANCER RESEARCH FOUNDATION, INC.

Statements of Financial Position

	June 30,	
	2011	2010
ASSETS		
Cash	\$ 22,779,004	\$ 18,065,968
Cash held by a related party	43,493	71,671
Investments	16,537,102	14,527,829
Pledges receivable, net	10,075,999	11,095,985
Prepaid expenses and other receivables	91,200	61,280
Donated building held for sale	300,000	
Property and equipment, net	12,298	15,810
Security deposit	40,061	40,061
	<u>\$ 49,879,157</u>	<u>\$ 43,878,604</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 596,301	\$ 117,164
Grants payable	36,673,271	33,497,255
	<u>37,269,572</u>	<u>33,614,419</u>
Commitments (Note H)		
NET ASSETS		
Unrestricted:		
Undesignated	7,773,149	4,677,105
Board-designated	500,000	500,000
Total unrestricted	8,273,149	5,177,105
Temporarily restricted	4,036,436	4,787,080
Permanently restricted	300,000	300,000
	<u>12,609,585</u>	<u>10,264,185</u>
	<u>\$ 49,879,157</u>	<u>\$ 43,878,604</u>

THE BREAST CANCER RESEARCH FOUNDATION, INC.

Statements of Activities

	Year Ended June 30, 2011				Year Ended June 30, 2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support:								
Contributions	\$ 32,961,493	\$ 73,534		\$ 33,035,027	\$ 28,585,913	\$ 245,000		\$ 28,830,913
Special events, net of direct benefit to contributors of \$1,482,133 and \$1,099,421 in 2011 and 2010, respectively	<u>7,964,199</u>			<u>7,964,199</u>	<u>7,035,653</u>			<u>7,035,653</u>
Total public support	<u>40,925,692</u>	<u>73,534</u>		<u>40,999,226</u>	<u>35,621,566</u>	<u>245,000</u>		<u>35,866,566</u>
Expenses:								
Program services	37,579,572			37,579,572	34,124,200			34,124,200
Management and general	1,537,875			1,537,875	1,136,294			1,136,294
Fund-raising	<u>2,379,655</u>			<u>2,379,655</u>	<u>2,301,866</u>			<u>2,301,866</u>
Total expenses	<u>41,497,102</u>			<u>41,497,102</u>	<u>37,562,360</u>			<u>37,562,360</u>
(Deficit) excess of public support over expenses	(571,410)	73,534		(497,876)	(1,940,794)	245,000		(1,695,794)
Non-operating activities:								
Investment income	2,780,646			2,780,646	2,588,166			2,588,166
Foreign currency gain (loss)	<u>62,630</u>			<u>62,630</u>	<u>(1,752)</u>			<u>(1,752)</u>
Excess of revenue over expenses before net assets released from restrictions	2,271,866	73,534		2,345,400	645,620	245,000		890,620
Net assets released from restrictions	<u>824,178</u>	<u>(824,178)</u>		<u>0</u>	<u>1,428,099</u>	<u>(1,428,099)</u>		<u>0</u>
Change in net assets	3,096,044	(750,644)		2,345,400	2,073,719	(1,183,099)		890,620
Net assets - July 1	<u>5,177,105</u>	<u>4,787,080</u>	<u>\$ 300,000</u>	<u>10,264,185</u>	<u>3,103,386</u>	<u>5,970,179</u>	<u>\$ 300,000</u>	<u>9,373,565</u>
Net assets - June 30	<u>\$ 8,273,149</u>	<u>\$ 4,036,436</u>	<u>\$ 300,000</u>	<u>\$ 12,609,585</u>	<u>\$ 5,177,105</u>	<u>\$ 4,787,080</u>	<u>\$ 300,000</u>	<u>\$ 10,264,185</u>

See notes to financial statements

THE BREAST CANCER RESEARCH FOUNDATION, INC.

Statement of Functional Expenses

Year Ended June 30, 2011

(with summarized financial information from 2010)

	June 30,				Direct Benefit to Contributors	2011 Total Expenses	2010 Total Expenses
	Supporting Services			Total			
Program Services	Management and General	Fund-raising					
Grants awarded	\$ 36,307,750					\$ 36,307,750	\$ 33,054,993
Printing, postage and other costs related to breast cancer awareness	287,417					287,417	225,106
Special events:							
Contracted services					\$ 1,482,133	1,482,133	1,099,421
Other			\$ 572,329	\$ 572,329		572,329	664,481
Salaries and employee benefits	843,332	\$ 566,046	1,408,019	1,974,065		2,817,397	2,398,629
Contracted services	98,450		185,423	185,423		283,873	298,199
Professional fees		692,656		692,656		692,656	452,354
Rent	41,902	71,984	90,250	162,234		204,136	194,287
Telephone		23,047	23,047	46,094		46,094	32,197
Supplies		28,950		28,950		28,950	16,040
Office expenses		145,753	99,034	244,787		244,787	209,970
Taxes and licenses		8,201		8,201		8,201	8,558
Total expenses before depreciation and amortization	37,578,851	1,536,637	2,378,102	3,914,739	1,482,133	42,975,723	38,654,235
Depreciation and amortization	721	1,238	1,553	2,791		3,512	7,546
Total expenses	37,579,572	1,537,875	2,379,655	3,917,530	1,482,133	42,979,235	38,661,781
Less direct benefit to contributors					(1,482,133)	(1,482,133)	(1,099,421)
Grand total	\$ 37,579,572	\$ 1,537,875	\$ 2,379,655	\$ 3,917,530	\$ 0	\$ 41,497,102	\$ 37,562,360

THE BREAST CANCER RESEARCH FOUNDATION, INC.

**Statement of Functional Expenses
Year Ended June 30, 2010**

	<u>Supporting Services</u>				Direct Benefit to Contributors	Total Expenses
	Program Services	Management and General	Fund-raising	Total		
Grants awarded	\$ 33,054,993					\$ 33,054,993
Printing, postage and other costs related to breast cancer awareness	225,106					225,106
Special events:						
Contracted services					\$ 1,099,421	1,099,421
Other			\$ 664,481	\$ 664,481		664,481
Salaries and employee benefits	711,591	\$ 467,595	1,219,443	1,687,038		2,398,629
Contracted services	90,125		208,074	208,074		298,199
Professional fees		452,354		452,354		452,354
Rent	40,800	66,058	87,429	153,487		194,287
Telephone		16,099	16,098	32,197		32,197
Supplies		16,040		16,040		16,040
Office expenses		107,025	102,945	209,970		209,970
Taxes and licenses		<u>8,558</u>		<u>8,558</u>		<u>8,558</u>
Total expenses before depreciation and amortization	34,122,615	1,133,729	2,298,470	3,432,199	1,099,421	38,654,235
Depreciation and amortization	<u>1,585</u>	<u>2,565</u>	<u>3,396</u>	<u>5,961</u>		<u>7,546</u>
Total expenses	34,124,200	1,136,294	2,301,866	3,438,160	1,099,421	38,661,781
Less direct benefit to contributors					<u>(1,099,421)</u>	<u>(1,099,421)</u>
Grand total	<u>\$ 34,124,200</u>	<u>\$ 1,136,294</u>	<u>\$ 2,301,866</u>	<u>\$ 3,438,160</u>	<u>\$ 0</u>	<u>\$ 37,562,360</u>

See notes to financial statements

THE BREAST CANCER RESEARCH FOUNDATION, INC.

Statements of Cash Flows

	Year Ended June 30,	
	2011	2010
Cash flows from operating activities:		
Change in net assets	\$ 2,345,400	\$ 890,620
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,512	7,546
Unrealized gains on investments	(2,328,492)	(1,975,025)
Donated investments	(986,044)	(16,657)
Donated building held for sale	(300,000)	
Changes in:		
Pledges receivable, net	1,019,986	484,690
Prepaid expenses and other receivables	(29,920)	14,742
Accounts payable and accrued expenses	479,137	(58,436)
Grants payable	3,176,016	4,838,187
Net cash provided by operating activities	<u>3,379,595</u>	<u>4,185,667</u>
Cash flows from investing activities:		
Proceeds from sales of investments	1,361,036	2,512,563
Purchases of investments	(55,773)	(19,271)
Net cash provided by investing activities	<u>1,305,263</u>	<u>2,493,292</u>
Net increase in cash and cash held by a related party	4,684,858	6,678,959
Cash and cash held by a related party - July 1	<u>18,137,639</u>	<u>11,458,680</u>
Cash and cash held by a related party - June 30	<u>\$ 22,822,497</u>	<u>\$ 18,137,639</u>

THE BREAST CANCER RESEARCH FOUNDATION, INC.

Notes to Financial Statements June 30, 2011 and 2010

NOTE A - THE FOUNDATION AND ITS SIGNIFICANT ACCOUNTING POLICIES

[1] The Foundation:

The Breast Cancer Research Foundation, Inc. (the "Foundation") is a New York not-for-profit organization, incorporated in 1993, the mission of which is to achieve prevention and cure for breast cancer in our lifetime, by providing critical funding for innovative clinical and translational research at leading medical centers worldwide and by increasing public awareness about good breast health.

The Foundation makes donations to fund breast cancer research at several nationally recognized, tax-exempt hospitals, medical centers, universities, and research organizations. Grant awards are based on proposals made by physicians, researchers, and other knowledgeable individuals recommended by the Medical Advisory Board and approved by the Board of Directors.

The Foundation qualifies as a charitable organization as defined by Section 501(c)(3) of the Internal Revenue Code (the "Code") and, accordingly, is exempt from federal income taxes under Section 501(a) of the Code and from state and local income taxes under comparable laws. Additionally, since the Foundation is publicly supported, contributions to the Foundation qualify for the maximum charitable-contribution deduction under the Code.

[2] Financial reporting:

(a) Basis of accounting:

The accompanying financial statements of the Foundation have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit entities.

(b) Functional allocation of expenses:

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities, using reasonable methods determined by management.

(c) Use of estimates:

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

(d) Applicability of NYPMIFA:

In September 2010, New York State enacted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), the terms of which are applicable to the Foundation. NYPMIFA principally addresses (i) the management and investment of all of a not-for-profit entity's "institutional funds" (which are mainly the financial assets of the entity and which exclude programmatic assets such as buildings or operating facilities), and (ii) the appropriations by the governing board of earnings derived from donor-restricted endowment funds. In essence, NYPMIFA requires all of the financial resources of the entity to be used in a "prudent" fashion, with the express approval and action of the governing board.

THE BREAST CANCER RESEARCH FOUNDATION, INC.

Notes to Financial Statements June 30, 2011 and 2010

NOTE A - THE FOUNDATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[2] Financial reporting: (continued)

(e) Fair-value of financial measurement:

The Foundation reports a fair value measurement of all applicable assets and liabilities (see Note B).

(f) Subsequent events:

The Foundation considers the accounting treatments, and the related disclosures in the current fiscal-year's financial statements, that may be required as the result of all events or transactions that occur after the fiscal-year-end through the date of the independent auditors' report.

(g) Net assets:

The net assets of the Foundation and changes therein are classified and reported as follows:

(i) *Unrestricted:*

Unrestricted net assets represent those resources that are not subject to donor-imposed restrictions. The income generated from this endowment is designated to provide annual grants to promising young researchers in the field of breast cancer.

(ii) *Temporarily restricted:*

Temporarily restricted net assets represent those resources that are subject to the requirements of NYPMIFA and the use of which has been restricted by donors for specific purposes and/or passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose-restriction or an explicit appropriate action by the members of the Board is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and are reported in the accompanying statements of activities as "net assets released from restrictions."

(iii) *Permanently restricted:*

Permanently restricted net assets represent those resources the use of which has been restricted in perpetuity by donors, with the income earned therefrom available for annual research awards.

[3] Investments:

The Foundation's investments in a mutual fund are reported at the fair value, as determined by the general manager, in the accompanying statements of financial position.

Donated securities are initially recorded at their fair values on the dates of gift. Interest and dividend income, as well as realized and unrealized appreciation or depreciation in investment value, is recognized as unrestricted, temporarily restricted, or permanently restricted in accordance with donor intent.

THE BREAST CANCER RESEARCH FOUNDATION, INC.

Notes to Financial Statements June 30, 2011 and 2010

NOTE A - THE FOUNDATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[4] Contributions, gifts and pledges:

Contributions, including promises to give, are recognized as revenue when received or pledged unconditionally at fair value. Contributions received with donor stipulations that limit the use of the donated assets are reported as temporarily restricted support. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

[5] Property and equipment:

Property and equipment are stated at their costs at the dates of acquisition or at their fair values on the dates of the gifts, less accumulated depreciation and amortization. Depreciation of property and equipment is provided over the estimated useful life of five years using the straight-line method. Leasehold improvements are amortized over the remaining lease term or the estimated life of the improvements, whichever is shorter. Minor costs of repairs and maintenance are expensed as incurred.

[6] Grants payable:

The Foundation records appropriations for research grants as a liability and expense after approval by the Board of Directors, based upon the guidance and input of the Scientific Advisory Board and availability of funding. Grants are generally paid within one year. At June 30, 2011 and 2010, there were no multi-year grants.

[7] Deferred rent payable:

The Foundation expenses rent on a straight-line basis over the term of the lease for its office space. The excess of rent expense over amounts actually paid, or currently payable, to the landlord is included in accounts payable and accrued expenses in the accompanying statements of financial position.

[8] Endowment funds:

The Foundation is subject to the provisions of the Financial Accounting Standards Board's Accounting Standards Codification ("ASC") 958, which provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). ASC 958 also requires additional disclosures about endowment for all organizations (see Note G).

[9] Income taxes:

The Foundation is subject to the provisions of ASC 740-10-05 relating to accounting and reporting for uncertainty in income taxes. Because of the Foundation's general tax-exempt status, ASC 740-10-05 has not had, and is not anticipated to have, a material impact on the Foundation's financial statements.

[10] Reclassification:

Certain prior-year information has been reclassified to conform to the current-years' presentation.

THE BREAST CANCER RESEARCH FOUNDATION, INC.

Notes to Financial Statements June 30, 2011 and 2010

NOTE B - INVESTMENTS

The Foundation's investments at June 30, 2011 and 2010, reflected at fair value, consist of approximately \$16,537,000 and \$14,528,000, respectively, invested in a private mutual fund, The Investment Fund for the Foundations ("TIFF"), which is managed by a management investment company, and is a program of commingled funds open to investments exclusively by not-for-profit organizations.

During each fiscal-year, investment returns consisted of the following:

	<u>Year Ended June 30,</u>	
	<u>2011</u>	<u>2010</u>
Dividends and interest	\$ 452,154	\$ 613,141
Unrealized gains	<u>2,328,492</u>	<u>1,975,025</u>
	<u>\$ 2,780,646</u>	<u>\$ 2,588,166</u>

ASC 820-10-05 establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical assets and liabilities at the reporting date.
- Level 2: Valuations are based on (i) quoted prices for similar assets or liabilities in active markets, or (ii) quoted prices for identical or similar assets or liabilities in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.
- Level 3: Fair value is determined based on pricing inputs that are unobservable and includes situations where there is little, if any, market activity for the asset or liability.

The Foundation's investments in TIFF consist of units in investment funds as opposed to direct interest in the fund's underlying holdings, which may be marketable. Because the net asset value reported by the fund is used as a practical expedient to estimate fair value of the Foundation's interest therein, its classification in Level 2 is based on the Foundation's ability to redeem its interest at or near June 30, 2011. The classification of the investment in the fair-value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of the investments' underlying assets and liabilities.

THE BREAST CANCER RESEARCH FOUNDATION, INC.

Notes to Financial Statements June 30, 2011 and 2010

NOTE C - PLEDGES RECEIVABLE, NET

At each fiscal-year-end, uncollected pledges of contributions made to the Foundation are estimated to be received as follows:

	<u>June 30,</u>	
	<u>2011</u>	<u>2010</u>
Less than one year	\$ 7,023,464	\$ 7,373,905
Two to five years	3,190,416	3,525,417
Six to nine years	<u>750,000</u>	<u>1,250,000</u>
	10,963,880	12,149,322
Reduction of pledges due in excess of one year to present value, using discount rates ranging from 0.32% - 5.20%	<u>(887,881)</u>	<u>(1,053,337)</u>
	<u>\$ 10,075,999</u>	<u>\$ 11,095,985</u>

The Foundation periodically assesses the collectability of its contributions and receivables and provides allowances for anticipated losses, if any, when necessary.

NOTE D - PROPERTY AND EQUIPMENT

At each fiscal-year-end, property and equipment consisted of the following:

	<u>June 30,</u>	
	<u>2011</u>	<u>2010</u>
Leasehold improvements	\$ 133,066	\$ 133,066
Furniture and equipment	<u>68,451</u>	<u>145,688</u>
	201,517	278,754
Less accumulated depreciation	<u>(189,219)</u>	<u>(262,944)</u>
	<u>\$ 12,298</u>	<u>\$ 15,810</u>

During fiscal-year 2011, the Foundation wrote-off fully depreciated property and equipment of \$77,237.

NOTE E - DONATED GOODS AND SERVICES

[1] Media placement:

The Foundation receives in-kind contributions in the form of contributed public service announcements ("PSAs"). Such PSAs, with an estimated value of approximately \$5,498,000 and \$9,860,000 for fiscal-years 2011 and 2010, respectively, do not meet the criteria for revenue recognition established by ASC 958-605-25-16 and, accordingly, have not been reported in the accompanying financial statements.

THE BREAST CANCER RESEARCH FOUNDATION, INC.

Notes to Financial Statements June 30, 2011 and 2010

NOTE E - DONATED GOODS AND SERVICES (CONTINUED)

[2] Air miles:

The Foundation receives in-kind contributions in the form of contributed air miles in connection with its SkyWish Charity Program. These donated air miles have not been valued, as they do not have a determinable fair value or definite period for usage and, accordingly, have not been reported in the accompanying financial statements.

[3] Contributed services:

Contributed services are valued at their estimated fair values. The accompanying statement of activities includes, as both revenue and expense, those contributed legal services of approximately \$414,000 and \$276,000 in fiscal-years 2011 and 2010, respectively.

Additionally, a substantial number of Board members and volunteers have donated significant amounts of their time in support through fund-raising and participation in global events in furtherance of the Foundation's mission. However, the value of this donated volunteer time is not reflected in the accompanying financial statements as it does not meet the criteria for recognition under generally accepted accounting principles.

[4] Donated goods:

Donated goods consist of items received by the Foundation and given away during fund-raising events. These amounts are recorded as both revenue and expense at their estimated fair value at the dates of receipts.

[5] Donated building held for sale:

In fiscal 2011, a Missouri office building, with an estimated fair value of \$300,000, was donated to the Foundation. Subsequent to June 30, 2011, the building was sold for \$340,000.

NOTE F - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$4,036,436 and \$4,787,080 were restricted for research grants at June 30, 2011 and 2010, respectively. During fiscal-years 2011 and 2010, net assets of approximately \$824,000 and \$1,428,000, respectively, were released from donor restrictions for that purpose.

NOTE G - THE ENDOWMENT

[1] The endowment:

The Foundation's endowment consists of a donor-restricted fund and a fund designated by the Board of Directors to function as an endowment. As required by generally accepted accounting principles, net assets associated with endowment funds, including board-designated funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

[2] Interpretation of relevant law:

As discussed in Note A[2], NYPMIFA is applicable to all of the Foundation's institutional funds including its donor-restricted and board-designated endowment funds. The Board of Directors will continue to adhere to NYPMIFA's requirements.

THE BREAST CANCER RESEARCH FOUNDATION, INC.

**Notes to Financial Statements
June 30, 2011 and 2010**

NOTE G - THE ENDOWMENT (CONTINUED)

[3] Endowment net-asset composition by type:

	June 30, 2011 (NYPMIFA)		
	Board- Designated	Permanently Restricted	Total
Board-designated endowment fund	\$ 500,000		\$ 500,000
Donor-restricted endowment fund: Research grants	<u> </u>	\$ 300,000	<u>300,000</u>
	<u>\$ 500,000</u>	<u>\$ 300,000</u>	<u>\$ 800,000</u>

	June 30, 2010 (UMIFA)		
	Board- Designated	Permanently Restricted	Total
Board-designated endowment fund	\$ 500,000		\$ 500,000
Donor-restricted endowment fund: Research grants	<u> </u>	<u>\$ 300,000</u>	<u>300,000</u>
	<u>\$ 500,000</u>	<u>\$ 300,000</u>	<u>\$ 800,000</u>

[4] Changes in endowment net assets during each fiscal year:

	June 30, 2011 (NYPMIFA)			
	Board- Designated	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets and the earnings thereon, beginning of year	\$ 500,000		\$ 300,000	\$ 800,000
Investment return:				
Investment income		\$ 29,091		29,091
Net appreciation		<u>140,352</u>		<u>140,352</u>
Total investment return		<u>169,443</u>		<u>169,443</u>
Appropriation of endowment assets for expenditure	<u> </u>	<u>(169,443)</u>	<u> </u>	<u>(169,443)</u>
Endowment net assets and the earnings thereon, end of year	<u>\$ 500,000</u>	<u>\$ 0</u>	<u>\$ 300,000</u>	<u>\$ 800,000</u>

THE BREAST CANCER RESEARCH FOUNDATION, INC.

**Notes to Financial Statements
June 30, 2011 and 2010**

NOTE G - THE ENDOWMENT (CONTINUED)

[4] Changes in endowment net assets during each fiscal year: (continued)

	June 30, 2010 (UMIFA)			
	Board- Designated	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets and the earnings thereon, beginning of year	\$ 500,000	\$ 0	\$ 300,000	\$ 800,000
Investment return:				
Investment income		35,298		35,298
Net appreciation		<u>146,349</u>		<u>146,349</u>
Total investment return		<u>181,647</u>		<u>181,647</u>
Released from restriction and/or appropriation for expenditure		<u>(181,647)</u>		<u>(181,647)</u>
Endowment net assets and the earnings thereon, end of year	<u>\$ 500,000</u>	<u>\$ 0</u>	<u>\$ 300,000</u>	<u>\$ 800,000</u>

[5] Funds with deficiencies:

Due to unfavorable market fluctuations, from time to time the fair value of assets associated with individual donor-restricted endowment funds may decline below the historic dollar value of the donor's original, permanently restricted contribution. Under the terms of NYPMIFA, the Foundation has no responsibility to restore such decreases in value.

NOTE H - COMMITMENTS AND CONTINGENCIES

[1] Lease obligations:

The Foundation leases office space under a non-cancelable operating lease agreement that terminates in fiscal-year 2015. Future minimum lease payments relating to this operating lease are approximately as follows:

Year Ending June 30,	Amount
2012	\$ 171,000
2013	173,000
2014	173,000
2015	<u>87,000</u>
	<u>\$ 604,000</u>

Rent expense was approximately \$204,000 and \$194,000 in fiscal-years 2011 and 2010, respectively.

THE BREAST CANCER RESEARCH FOUNDATION, INC.

Notes to Financial Statements June 30, 2011 and 2010

NOTE H - COMMITMENTS AND CONTINGENCIES (CONTINUED)

[2] Employment agreement:

The Foundation is obligated under an employment agreement with its President. The agreement is automatically extended on an annual basis, unless either party provides 90 days of prior written notice of the intention not to do so.

In October 2010, the Foundation was named in an action seeking, among other things, to recover an alleged fraudulent transfer to the Foundation in the amount of \$60,000. The Foundation filed an answer to the complaint generally denying all allegations contained therein. Pursuant to an order of the Bankruptcy Court of Minnesota, the matter was referred to mandatory mediation. Subsequent to June 30, 2011, the parties entered into a Settlement Agreement and Mutual Release which provided, among other things, for the Foundation to pay a settlement of \$40,000. At June 30, 2011, the Foundation has recorded a liability for the settlement amount in the accompanying statements of financial position.

In December 2010, the Foundation was named in an action seeking, among other things, to recover a fraudulent transfer in the amount of \$60,000 made to the Foundation in 2006, and an alleged preferential transfer in the amount of \$75,000 to the Foundation in 2008. On March 25, 2011, the Foundation filed an answer to the complaint generally denying all allegations contained therein. On June 2, 2011, the parties entered into a Settlement Agreement and Release, which provided among other things, for the Foundation to pay a Settlement Amount of \$45,000. The Settlement Agreement and Release became effective August 16, 2011. Accordingly, at June 30, 2011, the Foundation has recorded a liability for the settlement amount in the accompanying statements of financial position.

NOTE I - EMPLOYMENT BENEFIT PLAN

The Foundation participates in a multiple-employer retirement plan, formed under Section 413(c) of the Internal Revenue Code, which covers all eligible employees. The Foundation's contribution to the plan for fiscal-years 2011 and 2010 was approximately \$126,000 and \$111,000, respectively.

NOTE J - RELATED-PARTY TRANSACTIONS

Several directors of the Foundation are executives of a corporation that donated a portion of its sales revenue and held various fund-raising events for the benefit of the Foundation. For fiscal-years 2011 and 2010, the Foundation recognized contribution revenue from the corporation of approximately \$3,348,000 and \$3,252,000, respectively. During fiscal-years 2011 and 2010, certain executives of this corporation made personal contributions to the Foundation of approximately \$490,000 and \$662,000, respectively. Additionally, the Corporation donated items given away during the Foundation's fundraising events of approximately \$71,000 and \$98,000 during fiscal-years 2011 and 2010, respectively.

The Foundation reimburses this corporation to cover certain operating expenses paid on its behalf. These reimbursements to the corporation are for payroll and benefits for the Foundation's staff who exclusively conduct the Foundation's activities, as well as reimbursement for information services and other administrative services provided at cost during the fiscal-year. For fiscal-years 2011 and 2010, these reimbursements approximated \$2,856,000 and \$2,469,000, respectively, of which approximately \$2,740,000 and \$2,399,000, respectively, was for payroll and benefit reimbursement. At June 30, 2011 and 2010, the total amount advanced to the corporation was approximately \$43,000 and \$72,000, respectively, and is reported as cash held by a related party in the accompanying statements of financial position.

THE BREAST CANCER RESEARCH FOUNDATION, INC.

Notes to Financial Statements June 30, 2011 and 2010

NOTE K - MAJOR CONTRIBUTORS

Other than the contributions received from related parties, as discussed in Note J, the Foundation received approximately \$11,780,000 and \$7,700,000 from seven organizations during fiscal-years 2011 and 2010, respectively.

NOTE L - CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash in bank deposit accounts in amounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts, and management believes it is not exposed to any significant risk of loss due to the failure of the banking institutions. Likewise, the Foundation's investments are held at major financial institutions, and management believes that there is no substantive risk that such institutions will fail.