

TENNESSEE BREAST CANCER COALITION, INC.
FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
DECEMBER 31, 2006 AND 2005

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Tennessee Breast Cancer Coalition, Inc.
Nashville, Tennessee

We have audited the accompanying statements of financial position of Tennessee Breast Cancer Coalition, Inc. ("TBCC") as of December 31, 2006 and 2005, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of TBCC'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 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 Tennessee Breast Cancer Coalition, Inc. as of December 31, 2006 and 2005, 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.

KraftCPAs PLLC

Nashville, Tennessee
August 14, 2007

TENNESSEE BREAST CANCER COALITION, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
Cash and cash equivalents	\$ 395,214	\$ 328,400
Certificate of deposit	26,918	25,703
Contributions receivable	4,500	-
Computer equipment and furniture - at cost, less accumulated depreciation of \$503 and \$192	1,303	1,414
Beneficial interest in agency endowment funds held by the Community Foundation of Middle Tennessee - Note 5	<u>28,267</u>	<u>25,661</u>
TOTAL ASSETS	<u>\$ 456,202</u>	<u>\$ 381,178</u>
NET ASSETS		
Unrestricted net assets	\$ 418,202	\$ 381,178
Temporarily restricted - Note 6	<u>38,000</u>	<u>-</u>
TOTAL NET ASSETS	<u>\$ 456,202</u>	<u>\$ 381,178</u>

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

TENNESSEE BREAST CANCER COALITION, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
			<u>2006</u>	<u>2005</u>
				(Unrestricted)
SUPPORT AND REVENUE				
Public support:				
Individuals and corporate gifts	\$ 4,744	\$ -	\$ 4,744	\$ 606
Contributions in-kind	31,642	-	31,642	30,629
Special events	316,740	38,000	354,740	313,144
Less: direct benefits to donors	<u>(67,212)</u>	<u>-</u>	<u>(67,212)</u>	<u>(63,626)</u>
Total public support	285,914	38,000	323,914	280,753
Other revenues:				
Interest income	2,887	-	2,887	1,920
Loss on disposition of computer equipment	-	-	-	(92)
Change in value of beneficial interest in agency endowment funds held by the Community Foundation of Middle Tennessee - Note 5	<u>2,606</u>	<u>-</u>	<u>2,606</u>	<u>2,419</u>
TOTAL SUPPORT AND REVENUE	<u>291,407</u>	<u>38,000</u>	<u>329,407</u>	<u>285,000</u>
EXPENSES				
Program services	150,999	-	150,999	163,996
Supporting services:				
Management and general	29,647	-	29,647	33,968
Special events	<u>73,737</u>	<u>-</u>	<u>73,737</u>	<u>68,481</u>
TOTAL EXPENSES	<u>254,383</u>	<u>-</u>	<u>254,383</u>	<u>266,445</u>
CHANGE IN NET ASSETS	37,024	38,000	75,024	18,555
NET ASSETS - BEGINNING OF YEAR	<u>381,178</u>	<u>-</u>	<u>381,178</u>	<u>362,623</u>
NET ASSETS - END OF YEAR	<u>\$ 418,202</u>	<u>\$ 38,000</u>	<u>\$ 456,202</u>	<u>\$ 381,178</u>

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

TENNESSEE BREAST CANCER COALITION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 75,024	\$ 18,555
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in beneficial interest in agency endowment funds held by the Community Foundation of Middle Tennessee - Note 5	(2,606)	(2,419)
Depreciation	311	2,344
Loss on disposition of computer equipment	-	92
Decrease (increase) in contributions receivable	(4,500)	150
TOTAL ADJUSTMENTS	(6,795)	167
NET CASH PROVIDED BY OPERATING ACTIVITIES	68,229	18,722
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificates of deposit - net of proceeds from maturities	(1,215)	(617)
Proceeds from sale of computer equipment	-	600
Purchase of computer equipment	(200)	(2,350)
NET CASH USED IN INVESTING ACTIVITIES	(1,415)	(2,367)
NET INCREASE IN CASH AND CASH EQUIVALENTS	66,814	16,355
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	328,400	312,045
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 395,214	\$ 328,400

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

2005

SUPPORTING SERVICES			
MANAGEMENT AND			
PROGRAM SERVICES	GENERAL	SPECIAL EVENTS	TOTALS
\$ 12,675	\$ 17,790	\$ 26,345	\$ 56,810
119,000	-	-	119,000
13,029	-	-	13,029
-	251	3,265	3,516
-	1,267	-	1,267
-	678	-	678
99	-	-	99
-	-	27,269	27,269
-	-	22,704	22,704
679	-	40,922	41,601
-	1,115	-	1,115
-	-	-	-
-	-	-	-
3,452	-	-	3,452
-	-	-	-
-	209	1,961	2,170
-	-	4,019	4,019
-	421	-	421
-	6,000	-	6,000
2,900	-	-	2,900
-	369	5,185	5,554
8,429	-	-	8,429
3,733	-	-	3,733
-	1,300	-	1,300
-	403	-	403
-	1,370	-	1,370
-	451	-	451
-	-	437	437
163,996	31,624	132,107	327,727
-	2,344	-	2,344
163,996	33,968	132,107	330,071
-	-	(63,626)	(63,626)
<u>\$ 163,996</u>	<u>\$ 33,968</u>	<u>\$ 68,481</u>	<u>\$ 266,445</u>

TENNESSEE BREAST CANCER COALITION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006 AND 2005

NOTE 1 - GENERAL

Tennessee Breast Cancer Coalition, Inc. ("TBCC") was organized in 1995 as a Tennessee not-for-profit corporation. TBCC was formed as a statewide organization to join the national movement to eradicate breast cancer by stressing advocacy and awareness through action in the fight against breast cancer in families, neighborhoods, communities, state, and country. Its goals include: awareness through education about breast cancer research, treatment and prevention; improving access for all women to high quality breast cancer screening, diagnosis and treatment; increasing influence of breast cancer advocates in decisions affecting scientific research, clinical trials, and legislative policy; and increasing funding for breast cancer research.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Resources are classified as unrestricted, temporarily restricted and permanently restricted net assets, based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* are free of donor-imposed restrictions. All revenues, gains and losses that are not temporarily or permanently restricted by donors are included in this classification. All expenditures are reported in the unrestricted class of net assets, since the use of restricted contributions in accordance with the donors' stipulations results in the release of the restriction.
- *Temporarily restricted net assets* are limited as to use by donor-imposed restrictions that expire with the passage of time or that can be satisfied by use for the specific purpose.
- *Permanently restricted net assets* are amounts required by donors to be held in perpetuity, including gifts requiring in perpetuity that the principal be invested and the income or specific portions thereof be used for operations. The Organization had no permanently restricted net assets as of December 31, 2006 or 2005.

TENNESSEE BREAST CANCER COALITION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006 AND 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as temporarily or permanently restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted and reported in the Statement of Activities as net assets released from restrictions.

TBCC reports any gifts of equipment or materials as unrestricted support unless explicit donor restrictions specify how the assets must be used. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used, or funds restricted for the acquisition of long-lived assets, are reported as restricted support. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

Cash, Cash Equivalents and Certificates of Deposit

Cash and cash equivalents include demand deposits with banks, money market funds and time deposits with original maturities when purchased of three months or less. Time deposits with maturities of greater than three months are reported separately.

Computer Equipment and Furniture

Computer equipment and furniture are stated at acquisition cost, or estimated fair value at the date of gift, if donated, less accumulated depreciation. Computer equipment and furniture are depreciated by the straight-line method over an estimated useful life of 5 years.

Agency Endowment Fund

TBCC's beneficial interest in agency endowment funds held by the Community Foundation of Middle Tennessee is recognized as an asset. Investment income and changes in the value of the funds are recognized in the statement of activity; distributions received from the fund are recorded as decreases in the beneficial interest. (See Note 5.)

Income Taxes

TBCC qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income taxes are not provided.

TENNESSEE BREAST CANCER COALITION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006 AND 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-kind Contributions

Donated materials are recorded as gifts in the period received at fair value, if there is an objective and measurable basis for determining such value.

Donated services are recognized if they create or enhance non-financial assets or the donated service requires specialized skills, which were performed by a donor who possesses such skills, and would have been purchased by TBCC if not donated. Such services are recognized at fair value as support and expense in the period the services are performed.

Donated storage and office space and donated food and beverages are recognized as support and expense at their fair values.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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.

Program and Supporting Services

The following functional expense classifications are included in the accompanying financial statements:

Program services - TBCC provides education services about the risks of breast cancer and options for access to quality care and treatment; hosts a website with resources and other information; sponsors and supports community outreach programs through grants; operates "Project REACH" to reduce obstacles associated with women's health care in rural communities; and operates an Emergency Access Fund that provides financial support to individuals who are undergoing treatment for breast cancer, and their families, through the coverage of a patient's medical insurance copay, mortgage payments or rent, utilities and local telephone service, up to \$1,000 per person, per calendar year.

Management and general - relates to the overall direction of the organization. These expenses are not identifiable with a particular program or with fundraising, but are indispensable to the conduct of those activities and are essential to the organization. Specific activities include organization oversight, business management, recordkeeping, budgeting, financing, and other administrative activities.

TENNESSEE BREAST CANCER COALITION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006 AND 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services (continued)

Special Events - relates to the costs of the annual fund-raiser golf tournament held at the Hermitage Golf Course and other events held during the year. The proceeds from these events go to support TBCC's programs.

Allocation of Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management.

Reclassifications

Certain reclassifications have been made to prior year amounts to be comparative with the current year's presentation. The reclassifications increased contributions in-kind by \$30,629 in 2005, with corresponding increases in rent expense of \$6,000, and food and beverage costs of \$24,629. Such reclassifications had no effect on the change in net assets for the year.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

From time to time throughout the year, TBCC's bank balances with financial institutions exceeded FDIC insurance limits. Management considers this to be a normal business risk, which is mitigated by the use of high quality financial institutions.

NOTE 4 - RELATED PARTY TRANSACTIONS

One of the owners of the Hermitage Golf Course, where TBCC's annual fundraiser is held, is married to the President of the TBCC board and whose daughter serves as the Golf Tournament Director for this special event. TBCC maintains that all transactions are at arm's length. During 2006, TBCC paid approximately \$70,000 (\$67,000 in 2005) to Hermitage Golf Course for cart and green fees, commemorative gifts to players and sponsors, volunteer T-shirts, room rental and various other gifts.

In addition, Hermitage Golf Course provided storage and office space at no charge to TBCC, which had a fair rental value of \$6,000 in 2006 and 2005.

TENNESSEE BREAST CANCER COALITION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006 AND 2005

NOTE 5 - AGENCY ENDOWMENT FUND

TBCC has a beneficial interest in three agency endowment funds held by the Community Foundation of Middle Tennessee (the "Community Foundation"). Earnings on these funds are used to further the goals of TBCC. TBCC has granted variance power to the Community Foundation, and the Community Foundation has the ultimate authority and control over the Funds and the income derived therefrom. The funds are charged specified management and administrative fees quarterly. Upon request by TBCC, income from the Funds representing a 5% annual return may be distributed to TBCC or to another suggested beneficiary.

A schedule of changes in the Organization's beneficial interest in this fund, for the years ended December 31, 2006 and 2005, follows:

	<u>2006</u>	<u>2005</u>
Balance - beginning of year	\$ 25,661	\$ 23,242
Change in value of beneficial interest in agency endowment funds:		
Contributions to the fund	-	1,008
Grants paid to other agencies	(600)	-
Investment income (loss), net	3,470	1,715
Management and administrative fees	<u>(264)</u>	<u>(304)</u>
	<u>2,606</u>	<u>2,419</u>
Balance - end of year	<u>\$ 28,267</u>	<u>\$ 25,661</u>

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2006 (none at December 31, 2005):

Sponsorship for golf tournament - 2007	\$ 33,000
Sponsorship for golf tournament - 2008	<u>5,000</u>
	<u>\$ 38,000</u>

TENNESSEE BREAST CANCER COALITION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006 AND 2005

NOTE 7 - NEW ACCOUNTING PRONOUNCEMENTS

In July 2006, the Financial Accounting Standards Board (FASB) issued Financial Interpretation (FIN) No. 48, Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109, which is effective for fiscal years beginning after December 15, 2006. FIN 48 provides guidance regarding the recognition, measurement, presentation and disclosure in the financial statements of tax positions taken or expected to be taken on a tax return, including the decision whether to file in a particular jurisdiction. The cumulative effect of changes arising from the initial application of FIN 48 is required to be reported as an adjustment to the opening balance of retained earnings in the period of adoption. TBCC is currently evaluating the impact, if any, of the adoption of FIN 48 on the financial statements.