

TENNESSEE BREAST CANCER COALITION, INC.
FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
DECEMBER 31, 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 statement of financial position of Tennessee Breast Cancer Coalition, Inc. ("TBCC") as of December 31, 2005, and the related statements of activities, cash flows and functional expenses for the year 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 audit.

We conducted our audit 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 audit provides 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, 2005, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Kraft CPAs PLLC

Nashville, Tennessee
April 13, 2006

TENNESSEE BREAST CANCER COALITION, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2005

ASSETS

Cash and cash equivalents	\$ 328,400
Certificate of deposit	25,703
Computer equipment and furniture - at cost, less accumulated depreciation of \$192	1,414
Beneficial interest in agency endowment funds held by the Community Foundation of Middle Tennessee - Note 4	<u>25,661</u>

TOTAL ASSETS	<u>\$ 381,178</u>
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NET ASSETS

Total unrestricted net assets	<u>\$ 381,178</u>
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The accompanying notes are an integral part of these financial statements.

TENNESSEE BREAST CANCER COALITION, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2005

SUPPORT AND REVENUE

Public support:

Individuals and corporate gifts	\$ 606
Special events	313,144
Less: direct benefits to donors	<u>(63,626)</u>

Total public support 250,124

Other revenues:

Interest income	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 4	<u>2,419</u>

TOTAL SUPPORT AND REVENUE 254,371

EXPENSES

Program services	163,996
Supporting services:	
Management and general	27,968
Special events	<u>43,852</u>

TOTAL EXPENSES 235,816

CHANGE IN NET ASSETS 18,555

NET ASSETS - BEGINNING OF YEAR, as restated - Note 5 362,623

NET ASSETS - END OF YEAR \$ 381,178

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

TENNESSEE BREAST CANCER COALITION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 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 4	(2,419)
Depreciation	2,344
Loss on disposition of computer equipment	92
Decrease in contributions receivable	150
TOTAL ADJUSTMENTS	167
NET CASH PROVIDED BY OPERATING ACTIVITIES	18,722
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of certificates of deposit - net of proceeds from maturities	(617)
Proceeds from sale of computer equipment	600
Purchase of computer equipment	(2,350)
NET CASH USED IN INVESTING ACTIVITIES	(2,367)
NET INCREASE IN CASH AND CASH EQUIVALENTS	16,355
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	312,045
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 328,400

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

TENNESSEE BREAST CANCER COALITION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2005

		SUPPORTING SERVICES		
		MANAGEMENT AND GENERAL	SPECIAL EVENTS	
	PROGRAM SERVICES			TOTALS
Contract labor	\$ 12,675	\$ 17,790	\$ 26,345	\$ 56,810
Grants to community outreach programs	119,000	-	-	119,000
Emergency Access Grants	13,029	-	-	13,029
Bank charges and other fees	-	251	3,265	3,516
Computer	-	1,267	-	1,267
Dues and memberships	-	678	-	678
Educational materials	99	-	-	99
Food and beverage	-	-	2,640	2,640
Golf course fees	-	-	22,704	22,704
Gifts and promotions	679	-	40,922	41,601
Insurance	-	1,115	-	1,115
Newsletter	3,452	-	-	3,452
Postage	-	209	1,961	2,170
Printing and photography	-	-	4,019	4,019
Signage	-	421	-	421
Sponsorships	2,900	-	-	2,900
Supplies	-	369	5,185	5,554
Professional development - advocacy conference	8,429	-	-	8,429
Professional development - other training	3,733	-	-	3,733
Professional fees	-	1,300	-	1,300
Telephone	-	403	-	403
Taxes, licenses and permits	-	1,370	-	1,370
Website development	-	451	-	451
Volunteer expenses	-	-	437	437
TOTAL EXPENSES BEFORE DEPRECIATION	163,996	25,624	107,478	297,098
Depreciation	-	2,344	-	2,344
TOTAL EXPENSES	163,996	27,968	107,478	299,442
Less expenses netted against revenues on the statement of activities - direct benefits to donors	-	-	(63,626)	(63,626)
TOTAL EXPENSES REPORTED UNDER PROGRAM SERVICES AND SUPPORTING SERVICES	\$ 163,996	\$ 27,968	\$ 43,852	\$ 235,816

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

TENNESSEE BREAST CANCER COALITION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 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

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 had no temporarily or permanently restricted net assets at December 31, 2005.

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.

TENNESSEE BREAST CANCER COALITION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Computer Equipment

Computer equipment is stated at acquisition cost, or estimated fair value at the date of gift, if donated, less accumulated depreciation. Depreciation is calculated 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 4.)

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.

Donated Goods and Services

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 the 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.

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.

TENNESSEE BREAST CANCER COALITION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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; publishes and distributes a newsletter "Breastlink" to over 5,000 individuals/hospitals/support groups and businesses across the state; 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 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.

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 the programs of TBCC.

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.

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.

TENNESSEE BREAST CANCER COALITION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2005

NOTE 4 - 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 year ended December 31, 2005, follows:

Balance - beginning of year	\$ 23,242
Change in value of beneficial interest in agency endowment funds:	
Contributions to the fund	1,008
Investment income (loss), net	1,715
Management and administrative fees	(304)
	<u>2,419</u>
Distributions to TBCC	<u>-</u>
Balance - end of year	<u>\$ 25,661</u>

NOTE 5 - PRIOR PERIOD ADJUSTMENT

A prior period adjustment has been made to TBCC's unrestricted net assets at the beginning of the year in order to record the beneficial interest in agency endowment funds held by the Community Foundation of Middle Tennessee as of January 1, 2005, as follows:

Net assets at beginning of year, as previously reported on Form 990	\$ 339,381
Prior period adjustment:	
To recognize the beneficial interest in agency endowment funds	<u>23,242</u>
Net assets at beginning of year, as restated	<u>\$ 362,623</u>

TENNESSEE BREAST CANCER COALITION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2005

NOTE 6 - 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 2005, TBCC paid approximately \$67,000 to Hermitage Golf Course for cart and green fees, commemorative gifts to players and sponsors, volunteer T-shirts, room rental and various other gifts.