

**BREAST CANCER RESEARCH
FOUNDATION OF ALABAMA**

**Financial Statements
For the Year Ended
December 31, 2016**

**With Comparative Totals for the
Year Ended December 31, 2015**

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

**Table of Contents
For the Year Ended December 31, 2016**

Independent Auditor's Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Schedule of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-9

* * * * *

BORLAND | BENEFIELD

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Breast Cancer Research Foundation of Alabama

We have audited the accompanying financial statements of the Breast Cancer Research Foundation of Alabama (the Foundation), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2015 financial statements, and our report dated August 18, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in blue ink that reads "Borland Benefield P.C." The signature is written in a cursive, somewhat stylized font.

Borland Benefield, P.C.
Birmingham, Alabama
September 19, 2017

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

**Statement of Financial Position
At December 31, 2016**

With Comparative Totals for the Year Ended December 31, 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents		
Unrestricted	\$ 793,638	\$ 649,310
Restricted	126,836	151,929
Accounts receivable	22,694	35,534
Prepaid expenses	<u>42,693</u>	<u>5,974</u>
Total Assets	<u>\$ 985,861</u>	<u>\$ 842,747</u>
Liabilities and Net Assets		
Grants payable	\$ 816,566	\$ 651,933
Accrued liabilities	<u>1,228</u>	<u>1,228</u>
Total Liabilities	<u>817,794</u>	<u>653,161</u>
Net Assets		
Unrestricted	41,231	37,657
Temporarily restricted	<u>126,836</u>	<u>151,929</u>
Total Net Assets	<u>168,067</u>	<u>189,586</u>
Total Liabilities and Net Assets	<u>\$ 985,861</u>	<u>\$ 842,747</u>

See accompanying notes to financial statements.

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

**Statement of Activities
For the Year Ended December 31, 2016
With Comparative Totals for the Year Ended December 31, 2015**

Unrestricted	<u>Unrestricted</u>	<u>Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
Support and Revenue				
Public donations	\$ 1,173,124	\$ -	\$ 1,173,124	\$ 1,242,935
Grant revenue	58,600	-	58,600	-
Gifts in kind	93,402	-	93,402	103,338
Interest and other investment income	1,882	-	1,882	2,497
Other income	4,077	-	4,077	3,103
Net assets released from restrictions	<u>25,093</u>	<u>(25,093)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>1,356,178</u>	<u>(25,093)</u>	<u>1,331,085</u>	<u>1,351,873</u>
Expenses				
Breast cancer research and awareness program	1,262,381	-	1,262,381	1,127,460
General and administrative	65,296	-	65,296	67,894
Fundraising	<u>24,927</u>	<u>-</u>	<u>24,927</u>	<u>29,707</u>
Total Expenses	<u>1,352,604</u>	<u>-</u>	<u>1,352,604</u>	<u>1,225,061</u>
Change in Net Assets	3,574	(25,093)	(21,519)	126,812
Net Assets, Beginning of Year	<u>37,657</u>	<u>151,929</u>	<u>189,586</u>	<u>62,774</u>
Net Assets, End of Year	<u>\$ 41,231</u>	<u>\$ 126,836</u>	<u>\$ 168,067</u>	<u>\$ 189,586</u>

See accompanying notes to financial statements

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

□

**Schedule of Functional Expenses
For the Year Ended December 31, 2016
With Summary Totals for 2015**

Expenses by Function	Breast Cancer Research Awareness Program	General and Administrative	Fundraising	2016 Total Expenses	2015 Total Expenses
Contributions to UAB Comprehensive Cancer Center	\$ 861,675	\$ -	\$ -	\$ 861,675	\$ 758,578
Personnel expense	131,211	43,737	-	174,948	161,930
In-kind expenses	93,402	-	-	93,402	103,338
Printing & copying	82,984	1,504	-	84,488	53,444
Meals & entertainment	30,878	1,880	85	32,843	47,652
Tag marketing	-	-	23,848	23,848	20,073
Occupancy costs	19,967	2,953	-	22,920	4,446
Other	13,014	3,821	165	17,000	3,454
Travel and meetings	13,419	753	18	14,190	458
Postage	4,687	646	52	5,385	8,909
Supplies	2,833	1,701	60	4,594	15,888
Professional fees	-	4,000	-	4,000	7,820
Insurance	-	3,750	-	3,750	3,796
Bank fees	2,993	145	600	3,738	2,837
Advertising	3,233	-	-	3,233	4,774
Fundraising fees	1,995	35	-	2,030	3,047
Business expense	-	200	99	299	530
Telephone	90	171	-	261	177
Contract services	-	-	-	-	23,333
Equipment rental and maintenance	-	-	-	-	379
Dues & subscriptions	-	-	-	-	198
Total Expenses by Function	\$ 1,262,381	\$ 65,296	\$ 24,927	\$ 1,352,604	\$ 1,225,061

See accompanying notes to financial statements.

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

Statement of Cash Flows
For the Year Ended December 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities		
Change in net asset	\$ (21,519)	\$ 126,812
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Decrease in accounts receivable	12,840	(32,663)
Increase in prepaid expenses	(36,719)	(3,557)
Increase in accounts payable and accrued liabilities	<u>164,633</u>	<u>69,626</u>
Net Cash Provided by Operating Activities	<u>119,235</u>	<u>160,218</u>
Net Increase in Cash and Cash Equivalents	119,235	160,218
Cash and Cash Equivalents, Beginning of Year	<u>801,239</u>	<u>641,021</u>
Cash and Cash Equivalents, End of Year	<u>\$ 920,474</u>	<u>\$ 801,239</u>
Supplemental Disclosure of Cash Flows Information:		
Interest received	<u>\$ 1,882</u>	<u>\$ 4,849</u>

See accompanying notes to financial statements

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

Notes to the Financial Statements For the Year ended December 31, 2016

Note 1 – Summary of Significant Accounting Policies

Organization and Nature of Activities – Breast Cancer Research Foundation (the Foundation) is a non-profit corporation that was incorporated in the state of Alabama in 1996. The purpose of the Foundation is to help find a cure for breast cancer by funding Breast Cancer Research and raising awareness and funding for that research. Primary funding is provided through individual and corporate donations.

Method of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting; revenues are recognized when they are earned and expenses are recognized when they are incurred.

Basis of Presentation – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB), under which 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. *Permanently restricted net assets* are net assets subject to donor-imposed restrictions that they be maintained permanently by the Foundation. The Foundation had no permanently restricted net assets at December 31, 2016 and 2015. *Temporarily restricted net assets* are subject to donor-imposed stipulations that may or will be met by actions of the Foundation and/or the passage of time. *Unrestricted net assets* are not subject to donor-imposed stipulations.

Use of Estimates – The preparation of financial statements in accordance with *Generally Accepted Accounting Principles* requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Equivalents – For purposes of the Statement of Cash Flows, the Foundation considers all highly liquid investments with maturities of three months or less to be cash equivalents.

Accounts Receivable – Receivables consist of outstanding amounts for t-shirt sales.

Management periodically assesses the collectability of any outstanding receivable balances and writes off those amounts that management believes will not be recovered. At December 31, 2016, management believes all accounts and pledges are collectible and there has been no valuation allowance needed.

Revenue Recognition – Contributions are recorded when received as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Interest and dividends are recorded when earned.

Contributions In-Kind – Many individuals and organizations have made significant non-cash donations of materials, services and use of facilities. These donations include accounting services, materials and supplies for fundraising events and miscellaneous other donations used to further the goals of the Foundation. The value of these donated services, materials and supplies that are included in the financial statements and the corresponding expenses totaled \$93,402 and \$103,338 as of December 31, 2016 and 2015, respectively.

Joint Costs of Activities that Include a Fundraising Appeal – During the years ended December 31, 2016 and 2015, the Foundation incurred joint costs of \$34,073 and \$44,314, respectively, for events that included fundraising appeals. The Foundation allocated \$24,927 and \$29,707 to fundraising expense and \$9,146 and \$14,607 to management and general expense.

See independent auditor's report.

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

Notes to Financial Statements (continued) For the Year Ended December 31, 2016

Note 1 – Summary of Significant Accounting Policies (continued)

Income Taxes – The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code; consequently, no provision for income tax has been made.

As of December 31, 2016, the Foundation had no uncertain tax positions that qualify for disclosure in the financial statements. The Foundation files an annual Form 990 with the Internal Revenue Service.

Expense Allocations – The costs of providing various activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the supporting services benefited. Expenses related to more than one activity are charged to supporting services on the basis of periodic time and expense studies. Those studies consider the time devoted by the Foundation's personnel and the portion of its resources used in providing various services and other activities. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Foundation.

Note 2 – Cash and Cash Equivalents

The Foundation maintains accounts at four financial institutions. Cash totaled \$920,474 and \$801,239 at December 31, 2016 and 2015, respectively, which approximated the fair value. The accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2016, the Foundation held non-insured amounts at ServisFirst Bank in the total amount of \$57,963.

Note 3 – Temporarily Restricted Assets

Temporarily restricted net assets have been restricted by a donor to fund an Immunotherapy project lead by qualified physicians in the field. The restricted funds are maintained in a separate account with Merrill Lynch with a balance of \$126,836 and \$151,929, as of December 31, 2016 and 2015, respectively.

Note 4 – Grants Payable

The Foundation raises money throughout the year to help fund breast cancer research. At year-end, the board of directors reviews the financial position of the Foundation and determines an amount to give to the University of Alabama-Birmingham Comprehensive Cancer Center. Grants authorized but unpaid at year-end are reported as liabilities. As of December 31, 2016 and 2015, grants authorized to be paid to the center totaled \$816,566 and \$651,933, respectively.

Note 5 – Advertising Expense

The Foundation uses advertising to promote the sale of license plates to citizens of the State of Alabama. Advertising costs are expenses as incurred. Advertising expense totaled \$27,081 and \$24,847, as of December 31, 2016 and 2015, respectively.

See independent auditor's report.

BREAST CANCER RESEARCH FOUNDATION OF ALABAMA

**Notes to Financial Statements (continued)
For the Year Ended December 31, 2016**

Note 6 – Retirement Plan

The Foundation has implemented a Simple IRA retirement plan for all eligible employees in the current year. An eligible employee is an individual that earns more than \$5,000 annually in the current and prior year. The Foundation matches dollar for dollar up to 3% of the employees compensation. As of December 31, 2016, the Foundation recognized a total plan expense of \$4,384.

Note 7 – Subsequent Events

The Foundation has evaluated subsequent events through September 19, 2017, the date the financial statements were available to be issued.

See independent auditor's report.