

Pennsylvania Breast Cancer Coalition

**Financial Statements and
Supplementary Information**

December 31, 2012 and 2011

Pennsylvania Breast Cancer Coalition

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December 31, 2012 and 2011

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Independent Auditor's Report

To the Board of Directors
Pennsylvania Breast Cancer Coalition
Lebanon, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Pennsylvania Breast Cancer Coalition (the Coalition), which comprise the statement of financial position as of December 31, 2012 and 2011, and the related statements of activities, changes in net assets, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 reasonable 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 Pennsylvania Breast Cancer Coalition as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2013 on our consideration of the Coalition's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition's internal control over financial reporting and compliance.

Reinsel Kintz Leshner LLP

July 31, 2013
York, Pennsylvania

Pennsylvania Breast Cancer Coalition

Statement of Financial Position

	December 31,	
	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	\$ 720,745	\$ 566,967
Money market accounts	502,356	661,356
Accounts receivable	12,339	25,589
Grants receivable	270,000	372,299
Prepaid expenses	3,696	3,696
Total Current Assets	1,509,136	1,629,907
Investments	1,355,906	1,233,131
Furniture and Equipment, Net	41,531	37,501
Total Assets	\$ 2,906,573	\$ 2,900,539
Liabilities and Net Assets		
Current Liabilities		
Current portion of obligations under capital lease	\$ 5,037	\$ 2,381
Accounts payable	26,125	23,994
Payroll taxes withheld and accrued	1,955	1,061
Accrued payroll and vacation	9,726	30,463
Total Current Liabilities	42,843	57,899
Obligations under Capital Lease	10,285	1,925
Total Liabilities	53,128	59,824
Net Assets		
Unrestricted	1,734,092	1,774,596
Temporarily restricted	1,119,353	1,066,119
Total Net Assets	2,853,445	2,840,715
Total Liabilities and Net Assets	\$ 2,906,573	\$ 2,900,539

Pennsylvania Breast Cancer Coalition

Statement of Activities

	Year Ended December 31, 2012		
	Unrestricted	Temporarily Restricted	Totals
Support and Revenue			
Contributions	\$ 704,934	\$ 113,135	\$ 818,069
Grants	71,052	504,642	575,694
Fundraising	87,729	-	87,729
In-kind contributions	36,803	-	36,803
Interest and dividend income	16,020	9,472	25,492
Gain on sale of investments	11,111	7,592	18,703
Miscellaneous	4,557	-	4,557
Sales	1,694	-	1,694
Net assets released from restrictions	578,361	(578,361)	-
Loss on sale of equipment	(700)	-	(700)
Total Support and Revenue	1,511,561	56,480	1,568,041
Expenses			
Program and related services	1,337,461	-	1,337,461
Supporting services			
Management and general	43,988	-	43,988
Fundraising	172,662	-	172,662
Total Supporting Services	216,650	-	216,650
Total Expenses	1,554,111	-	1,554,111
Excess (Deficiency) of Support and Revenue over Expenses	(42,550)	56,480	13,930
Unrealized Holding Gains (Losses) on Investments	2,046	(3,246)	(1,200)
Changes in Net Assets	\$ (40,504)	\$ 53,234	\$ 12,730

See accompanying notes.

	Year Ended December 31, 2011		
	Unrestricted	Temporarily Restricted	Totals
Support and Revenue			
Contributions	\$ 672,223	\$ 132,599	\$ 804,822
Grants	28,490	387,210	415,700
Fundraising	106,824	-	106,824
In-kind contributions	15,963	-	15,963
Interest and dividend income	15,704	8,462	24,166
Loss on sale of investments	(12)	-	(12)
Miscellaneous	2,353	-	2,353
Sales	2,512	-	2,512
Net assets released from restrictions	260,538	(260,538)	-
Loss on sale of equipment	-	-	-
Total Support and Revenue	1,104,595	267,733	1,372,328
Expenses			
Program and related services	1,051,887	-	1,051,887
Supporting services			
Management and general	37,044	-	37,044
Fundraising	169,831	-	169,831
Total Supporting Services	206,875	-	206,875
Total Expenses	1,258,762	-	1,258,762
Excess (Deficiency) of Support and Revenue over Expenses	(154,167)	267,733	113,566
Unrealized Holding Gains on Investments	494	30,513	31,007
Changes in Net Assets	\$ (153,673)	\$ 298,246	\$ 144,573

Pennsylvania Breast Cancer Coalition

Statement of Changes in Net Assets

	Years Ended December 31, 2012 and 2011		
	Unrestricted	Temporarily Restricted	Totals
Net Assets, December 31, 2010	\$ 1,928,269	\$ 767,873	\$ 2,696,142
Changes in net assets	<u>(153,673)</u>	<u>298,246</u>	<u>144,573</u>
Net Assets, December 31, 2011	1,774,596	1,066,119	2,840,715
Changes in net assets	<u>(40,504)</u>	<u>53,234</u>	<u>12,730</u>
Net Assets, December 31, 2012	<u><u>\$ 1,734,092</u></u>	<u><u>\$ 1,119,353</u></u>	<u><u>\$ 2,853,445</u></u>

Pennsylvania Breast Cancer Coalition

Statement of Cash Flows

	Years Ended December 31,	
	2012	2011
Cash Flows from Operating Activities		
Changes in net assets	\$ 12,730	\$ 144,573
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	13,510	16,027
(Gain) loss on sale of investments	(18,703)	12
Unrealized holding (gains) losses on investments	1,200	(31,007)
Loss on sale of equipment	700	-
Contributed furniture and equipment	-	(3,825)
(Increase) decrease in assets		
Accounts receivable	13,250	(13,747)
Grants receivable	102,299	(182,293)
Prepaid expenses	-	(84)
Increase (decrease) in liabilities		
Accounts payable	4,597	(12,302)
Payroll taxes withheld and accrued	894	72
Accrued payroll and vacation	(20,737)	2,241
	<u>109,740</u>	<u>(80,333)</u>
Net Cash Provided by (Used in) Operating Activities		
Cash Flows from Investing Activities		
Capital expenditures	(4,801)	(5,178)
Purchase of investments	(405,337)	(246,535)
Proceeds from sale of investments	459,065	103,510
	<u>48,927</u>	<u>(148,203)</u>
Net Cash Provided by (Used in) Investing Activities		
Cash Flows Used in Financing Activities		
Principal repayments of obligations under capital lease	(4,889)	(5,865)
	<u>153,778</u>	<u>(234,401)</u>
Net Increase (Decrease) in Cash and Cash Equivalents		
Cash and Cash Equivalents at Beginning	566,967	801,368
Cash and Cash Equivalents at Ending	<u>\$ 720,745</u>	<u>\$ 566,967</u>
Supplementary Cash Flows Information		
Interest paid	<u>\$ 634</u>	<u>\$ 278</u>

Pennsylvania Breast Cancer Coalition

Statement of Cash Flows (continued)

Supplementary Schedule of Noncash Investing and Financing Activities

In 2012

The Coalition incurred a capital lease obligation of \$17,558 when it entered into a lease for a new copier and was released from a capital lease obligation of \$1,653 when the equipment was returned.

In 2011

Accounts payable includes \$2,466 of capital expenditures.

The Coalition incurred a capital lease obligation of \$3,052 when it entered into a lease for a new copier.

Pennsylvania Breast Cancer Coalition

Notes to Financial Statements

December 31, 2012 and 2011

Note 1 - Nature of Operations

The Pennsylvania Breast Cancer Coalition (a Pennsylvania nonprofit corporation) (the Coalition) was founded in 1993. Its mission is to cure breast cancer through research, access, education, advocacy, and legislation. The Coalition unites patients, survivors, families, medical professionals, government, labor, and business leaders who share this same goal. The Coalition is the only statewide grassroots breast cancer organization in Pennsylvania, which allows them to better achieve its goals through legislative initiatives and several highly-acclaimed outreach efforts. The Coalition derives substantially all of its revenue from contributions and grants.

Note 2 - Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Use of Estimates

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, if any, at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, the Coalition considers investments with original maturities of three months or less to be cash equivalents.

Accounts and Grants Receivable

Accounts and grants receivable are stated at outstanding balances. The Coalition considers accounts and grants receivable to be fully collectible. If collection becomes doubtful, an allowance for doubtful accounts will be established, or the accounts will be charged to income when that determination is made by management. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received.

Investments

Investments in debt and equity securities with readily determinable fair values are reported at fair value. Unrealized gains and losses are reported as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulation. Realized gains and losses, if any, on the sale or disposal of investments are computed on a specific identification basis and are also included as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulation.

Note 2 - Summary of Significant Accounting Policies (continued)

Furniture and Equipment

Furniture and equipment are stated at cost if purchased, and at the estimated fair market value when contributed. Furniture and equipment is depreciated using the straight-line method over the estimated average useful lives of the assets of five to seven years.

The Coalition's policy is to capitalize furniture and equipment expenditures of \$500 or more.

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value of the impaired asset. Fair value estimates are based on assumptions concerning the amount and timing of estimated future cash flows and discount rates reflecting varying degrees of perceived risk. Management has concluded that no impairment adjustments were required during 2012 and 2011.

Net Assets

Net assets of the Coalition and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Coalition and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that must be maintained permanently by the Coalition. The Coalition currently has no permanently restricted net assets.

Revenue Recognition

Grant revenue that is deemed to be an exchange transaction is classified as unrestricted revenue or deferred revenue, as appropriate, when received or receivable. Such grant revenue is not deemed to be a contribution, since the proceeds thereof are used to pursue objectives of the grantor.

Grant revenue that is deemed to be a contribution is classified as temporarily restricted revenue when received or receivable. Such grant revenue is not deemed to be in respect of exchange transactions, since the proceeds thereof are non-reciprocal, unconditional, and voluntary.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Coalition reports the support as unrestricted.

Pennsylvania Breast Cancer Coalition

Notes to Financial Statements

December 31, 2012 and 2011

Note 2 - Summary of Significant Accounting Policies (continued)

Functional Expenses

The cost of providing the various programs and other activities are summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services. Supporting services include management and general expenses and fundraising costs.

Advertising Costs

Advertising costs are expensed as incurred. For the years ended December 31, 2012 and 2011, advertising costs amounted to \$99,193 and \$49,657, respectively.

Subsequent Events

The Coalition has evaluated subsequent events through July 31, 2013, which is the date the financial statements were available to be issued. No material events subsequent to December 31, 2012 were noted, except as disclosed in Note 10.

Note 3 - Tax-Exempt Status

The Coalition is a not-for-profit entity described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from income taxes on related activities pursuant to Section 509(a) of the Code. In addition, they were organized under the Pennsylvania Nonprofit Corporation Law and are exempt from state income taxes.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Coalition, including whether the entity is exempt from income taxes. Management evaluated the tax positions taken and concluded that the Coalition has taken no uncertain tax positions that require recognition or disclosure in the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. With few exceptions, the Coalition is no longer subject to income tax examinations by the U.S. Federal, state, or local tax authorities for years before December 31, 2009.

Pennsylvania Breast Cancer Coalition

Notes to Financial Statements

December 31, 2012 and 2011

Note 4 - Fair Value of Financial Instruments

The fair value hierarchy prioritizes the inputs to valuation methods used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2: Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

An asset or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following valuation techniques were used to measure fair value of assets in the table below on a recurring basis:

Investments in cash and cash equivalents - The carrying amounts approximate fair value because of the short-term nature of those investments.

Debt securities, mutual funds, and equity securities - Fair value of debt securities, mutual funds, and equity securities was based on quoted market prices for the identical security.

For assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy are as follows as of December 31:

	2012			
	Total	Level 1	Level 2	Level 3
Cash and Cash Equivalents	\$ 784,227	\$ 784,227	\$ -	\$ -
Mutual Funds				
Fixed income	301,038	301,038	-	-
Debt Securities				
U.S. government	157,366	157,366	-	-
Equity Securities				
Financial	46,899	46,899	-	-
Services	27,581	27,581	-	-
Energy	23,925	23,925	-	-
Utilities	14,870	14,870	-	-
	<u>\$ 1,355,906</u>	<u>\$ 1,355,906</u>	<u>\$ -</u>	<u>\$ -</u>

Pennsylvania Breast Cancer Coalition

Notes to Financial Statements

December 31, 2012 and 2011

Note 4 - Fair Value of Financial Instruments (continued)

	2011			
	Total	Level 1	Level 2	Level 3
Cash and Cash				
Equivalents	\$ 557,221	\$ 557,221	\$ -	\$ -
Mutual Funds				
Fixed Income	111,861	111,861	-	-
Domestic equity	87,854	87,854	-	-
Debt Securities				
U.S. government	157,510	157,510	-	-
Certificates of deposit	199,965	199,965	-	-
Equity Securities				
Services	48,610	48,610	-	-
Utilities	21,685	21,685	-	-
Healthcare	24,886	24,886	-	-
Consumer/non-cyclical	23,539	23,539	-	-
	<u>\$ 1,233,131</u>	<u>\$ 1,233,131</u>	<u>\$ -</u>	<u>\$ -</u>

Note 5 - In-kind Contributions

Contributed assets, including contributed equipment and materials, are reported in the accompanying financial statements at their fair market value as of the date the assets were received.

During the years ended December 31, 2012 and 2011, a substantial number of individual volunteers and businesses have donated significant amounts of time to the Coalition's programs and administrative functions. These services do not meet the criteria for recognition as contributed services, and are not reflected on the accompanying financial statements.

In-kind contributions consist of the following for the years ended December 31:

	2012	2011
Supplies	\$ 24,099	\$ 2,460
Advertising	6,105	775
Printing and publications	5,500	5,500
Travel and meals	592	54
Miscellaneous expense	507	285
Capitalized equipment	-	3,825
Professional fees	-	3,040
Automobile expense	-	24
	<u>\$ 36,803</u>	<u>\$ 15,963</u>

Pennsylvania Breast Cancer Coalition

Notes to Financial Statements

December 31, 2012 and 2011

Note 6 - Investments

The cost, gross unrealized gains and losses, and fair value of investments consist of the following as of December 31:

	2012			
	Cost	Gross Unrealized		Fair Value
		Gains	Losses	
Cash and Cash Equivalents	\$ 784,227	\$ -	\$ -	\$ 784,227
Mutual Funds				
Fixed income	310,041	668	(9,671)	301,038
Debt Securities				
U.S. government	104,362	53,004	-	157,366
Equity Securities				
Financial	50,072	-	(3,173)	46,899
Services	20,261	7,320	-	27,581
Energy	25,032	-	(1,107)	23,925
Utilities	20,526	-	(5,656)	14,870
	<u>\$ 1,314,521</u>	<u>\$ 60,992</u>	<u>\$ (19,607)</u>	<u>\$ 1,355,906</u>
	2011			
Cash and Cash Equivalents	\$ 557,221	\$ -	\$ -	\$ 557,221
Mutual Funds				
Fixed income	128,046	-	(16,185)	111,861
Domestic equity	90,417	2,313	(4,876)	87,854
Debt Securities				
U.S. government	104,362	53,148	-	157,510
Certificates of deposit	200,012	-	(47)	199,965
Equity Securities				
Services	41,075	7,535	-	48,610
Utilities	20,526	1,159	-	21,685
Healthcare	19,769	5,117	-	24,886
Consumer/non-cyclical	19,889	3,650	-	23,539
	<u>\$ 1,181,317</u>	<u>\$ 72,922</u>	<u>\$ (21,108)</u>	<u>\$ 1,233,131</u>

Investment fees amounted to \$2,850 and \$2,282 for the years ended December 31, 2012 and 2011, respectively.

Pennsylvania Breast Cancer Coalition

Notes to Financial Statements

December 31, 2012 and 2011

Note 6 - Investments (continued)

Long-term investments held as of December 31, 2012 and 2011, are comprised of investments in cash and cash equivalents, and debt and equity securities. The Coalition has recorded total unrealized holding losses on six and seven of these securities, respectively. Management believes that holding losses on these investments are not a permanent impairment, but rather a temporary market decline. The following table shows the investments gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of December 31:

	2012					
	Less than Twelve Months		Twelve Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Mutual Funds, Temporarily Impaired						
Fixed income	\$ 49,943	\$ (57)	\$ 80,067	\$ (9,614)	\$ 130,010	\$ (9,671)
Equity Securities, Temporarily Impaired						
Financial	46,899	(3,173)	-	-	46,899	(3,173)
Energy	23,925	(1,107)	-	-	23,925	(1,107)
Utilities	14,870	(5,656)	-	-	14,870	(5,656)
	<u>\$ 135,637</u>	<u>\$ (9,993)</u>	<u>\$ 80,067</u>	<u>\$ (9,614)</u>	<u>\$ 215,704</u>	<u>\$ (19,607)</u>
	2011					
Mutual Funds, Temporarily Impaired						
Fixed income	\$ -	\$ -	\$ 111,861	\$ (16,185)	\$ 111,861	\$ (16,185)
Domestic equity	55,473	(4,876)	-	-	55,473	(4,876)
Debt Securities, Temporarily Impaired						
Certificates of deposit	199,965	(47)	-	-	199,965	(47)
	<u>\$ 255,438</u>	<u>\$ (4,923)</u>	<u>\$ 111,861</u>	<u>\$ (16,185)</u>	<u>\$ 367,299</u>	<u>\$ (21,108)</u>

Pennsylvania Breast Cancer Coalition

Notes to Financial Statements

December 31, 2012 and 2011

Note 7 - Furniture and Equipment

Furniture and equipment, by major classifications, consist of the following as of December 31:

	<u>2012</u>	<u>2011</u>
Software	\$ 61,995	\$ 61,995
Office furniture and equipment	53,919	50,482
Computer equipment	<u>28,897</u>	<u>26,561</u>
	144,811	139,038
Accumulated depreciation and amortization	<u>(103,280)</u>	<u>(101,537)</u>
	<u>\$ 41,531</u>	<u>\$ 37,501</u>

Depreciation and amortization expense amounted to \$13,510 and \$16,027 for the years ended December 31, 2012 and 2011, respectively.

Note 8 - Obligations under Capital Lease

Future minimum lease payments under capital lease, together with the present value of the net minimum lease payments consist of the following for the remaining three years ending December 31:

2013	\$ 5,592
2014	5,592
2015	<u>5,143</u>
	16,327
Amount representing interest	<u>(1,005)</u>
	<u>\$ 15,322</u>
Current portion	\$ 5,037
Noncurrent portion	<u>10,285</u>
	<u>\$ 15,322</u>

Pennsylvania Breast Cancer Coalition

Notes to Financial Statements

December 31, 2012 and 2011

Note 8 - Obligations under Capital Lease (continued)

The following is leased equipment under a capital lease as of December 31:

	<u>2012</u>	<u>2011</u>
Copiers	\$ 20,610	\$ 17,173
Accumulated amortization	<u>(3,339)</u>	<u>(12,149)</u>
	<u>\$ 17,271</u>	<u>\$ 5,024</u>

Amortization expense amounted to \$2,958 and \$5,633 for the years ended December 31, 2012 and 2011, respectively. The amortization expense of capital lease assets is included in the depreciation and amortization expense reported in Note 7.

Note 9 - Line of Credit

The Coalition entered into a \$150,000 revolving line of credit agreement with Susquehanna Bank in June 2010. Amounts borrowed against this line of credit bear interest at the bank's prime rate, plus 1.00%, with a floor rate of 5.00%. The interest for the line of credit was 5.00% as of December 31, 2012 and 2011. There were no borrowings against this line of credit as of December 31, 2012 and 2011.

Note 10 - Commitments

During 2007, the Coalition entered into a lease for office space beginning in January 2008 through December 2012. An extension was granted in December 2012 through June 30, 2013. The lease is payable in monthly installments, with an annual increase. Total rent expense related to the lease amounted to \$44,352 and \$43,347 for the years ended December 31, 2012 and 2011, respectively.

In January 2013, the Coalition entered into a lease for new office space beginning in May 2013 through May 2018. The lease will be payable in monthly installments, with an annual increase.

The Coalition leases several vehicles under operating leases which have varying terms and monthly payments. Total vehicle rent expense amounted to \$11,183 and \$11,427 for the years ended December 31, 2012 and 2011, respectively.

The Coalition also leases various office equipment under operating leases which have varying terms and monthly payments. Total rent expense related to these leases amounted to \$1,152 for each of the years ended December 31, 2012 and 2011.

Pennsylvania Breast Cancer Coalition

Notes to Financial Statements

December 31, 2012 and 2011

Note 10 - Commitments (continued)

Future minimum lease payments for all operating leases consist of the following for the five years ending December 31, 2017 and thereafter:

2013	\$	55,387
2014		47,774
2015		44,275
2016		44,150
2017		45,475
Thereafter		19,134
		<u>19,134</u>
	\$	<u>256,195</u>

Note 11 - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following as of December 31:

	<u>2012</u>	<u>2011</u>
Money market accounts - breast cancer research awards	\$ 382,774	\$ 455,505
Grants receivable - breast cancer education and research	270,000	372,299
Cash and cash equivalents - breast cancer education and research	234,642	14,911
Investments - breast cancer research awards	231,937	223,404
	<u>\$ 1,119,353</u>	<u>\$ 1,066,119</u>

Note 12 - Retirement Plan

The Coalition sponsors a retirement plan covering all employees. Under the plan, the Coalition agrees to match employee contributions up to 3% of the employee's compensation. For the years ended December 31, 2012 and 2011, retirement expense amounted to \$13,604 and \$12,265, respectively.

Note 13 - Concentration of Credit Risk

The Coalition maintains cash balances at several financial institutions located in Pennsylvania. At times during the years ended December 31, 2012 and 2011, the Coalition's cash balances exceeded the federally insured limit of \$250,000 on interest bearing accounts. As of December 31, 2012 and 2011, the balances exceeding the limit amounted to \$463,218 and \$308,779, respectively. The temporary unlimited federal insurance coverage for non-interest bearing accounts expired December 31, 2012. These accounts are subject to the \$250,000 limit effective January 1, 2013.

Pennsylvania Breast Cancer Coalition

Statement of Functional Expenses - by Natural Classification

	Year Ended December 31, 2012			
	Program and Related Services	Supporting Services		Totals
		Management and General	Fundraising	
Salaries and wages	\$ 365,882	\$ 25,545	\$ 52,528	\$ 443,955
Grant research awards	236,151	-	-	236,151
Contract services	104,624	905	22,724	128,253
Advertising	92,402	413	6,378	99,193
Printing and publications	84,346	266	10,653	95,265
Supplies	72,441	578	20,278	93,297
Travel and meals	70,791	1,961	5,366	78,118
Occupancy expense	46,753	2,524	24,315	73,592
Postage	63,122	543	6,947	70,612
Insurance	36,841	2,518	6,143	45,502
Payroll taxes	32,561	2,307	4,632	39,500
Dues and subscriptions	21,601	685	1,099	23,385
Telephone	12,889	861	1,808	15,558
Professional fees	12,063	837	1,700	14,600
Retirement expense	11,225	756	1,623	13,604
Depreciation and amortization	11,134	778	1,598	13,510
Automobile expense	10,895	721	1,582	13,198
Database maintenance and training	11,487	436	511	12,434
Awards	10,217	-	-	10,217
Audio video rental	8,671	-	-	8,671
Bank service charges	6,728	408	870	8,006
Miscellaneous expense	6,541	781	325	7,647
Banners and signs	3,384	-	820	4,204
Registration and meeting expense	2,501	98	500	3,099
Video and photo expense	1,187	-	-	1,187
Interest expense	520	35	79	634
Licenses, taxes, and permits	454	32	94	580
Cost of sales	-	-	89	89
Contributions	50	-	-	50
	<u>\$ 1,337,461</u>	<u>\$ 43,988</u>	<u>\$ 172,662</u>	<u>\$ 1,554,111</u>

	Year Ended December 31, 2011			
	Program and Related Services	Supporting Services		Totals
		Management and General	Fundraising	
Salaries and wages	\$ 347,493	\$ 22,223	\$ 47,773	\$ 417,489
Grant research awards	75,913	-	-	75,913
Contract services	65,593	298	21,403	87,294
Advertising	45,314	246	4,097	49,657
Printing and publications	87,326	211	12,301	99,838
Supplies	79,157	705	16,688	96,550
Travel and meals	60,102	1,151	5,733	66,986
Occupancy expense	48,443	2,502	33,405	84,350
Postage	56,322	178	6,520	63,020
Insurance	22,552	1,437	4,258	28,247
Payroll taxes	29,812	1,948	4,141	35,901
Dues and subscriptions	25,361	1,149	1,702	28,212
Telephone	13,942	834	1,851	16,627
Professional fees	15,765	893	2,832	19,490
Retirement expense	10,233	642	1,390	12,265
Depreciation and amortization	13,340	853	1,834	16,027
Automobile expense	10,447	696	1,465	12,608
Database maintenance and training	11,394	384	389	12,167
Awards	10,539	148	-	10,687
Audio video rental	7,887	-	-	7,887
Bank service charges	5,176	320	696	6,192
Miscellaneous expense	3,809	67	123	3,999
Banners and signs	1,550	-	616	2,166
Registration and meeting expense	2,675	125	409	3,209
Video and photo expense	900	-	-	900
Interest expense	230	15	33	278
Licenses, taxes, and permits	612	19	49	680
Cost of sales	-	-	123	123
	<u>\$ 1,051,887</u>	<u>\$ 37,044</u>	<u>\$ 169,831</u>	<u>\$ 1,258,762</u>



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Directors
Pennsylvania Breast Cancer Coalition
Lebanon, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pennsylvania Breast Cancer Coalition (the Coalition), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 31, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Coalition's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control. Accordingly, we do not express an opinion on the effectiveness of the Coalition's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

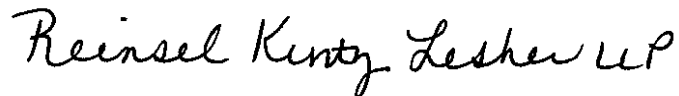
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Coalition's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Reinsel Kintz Leshner LLP". The signature is written in a cursive, flowing style.

July 31, 2013
York, Pennsylvania