

Triple Negative Breast Cancer Foundation, Inc.

Financial Statements

For the Years Ended December 31, 2016 and 2015

TABLE OF CONTENTS

PAGE NO.

Independent Auditors' Report	1
Statements of Financial Position as of December 31, 2016 (with Comparative Totals as of December 31, 2015)	2
Statements of Activities and Changes in Net Assets for the Years Ended December 31, 2016 and 2015	3
Statements of Cash Flows for the Years Ended December 31, 2016 and 2015	4
Statements of Functional Expenses for the Years Ended December 31, 2016 and 2015	5
Notes to Financial Statements	6-12

Michael S. Libock & Co., LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Triple Negative Breast Cancer Foundation, Inc.

We have audited the accompanying financial statements of Triple Negative Breast Cancer Foundation, Inc. (the "Foundation") (a nonprofit organization) which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and changes in net assets, cash flows and functional expenses 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.

Auditors' 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. 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 aspects, the financial position of Triple Negative Breast Cancer Foundation, Inc. as of December 31, 2016 and 2015, 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.

Michael S. Libock & Co., LLC

Michael S. Libock & Co., LLC

August 1, 2017

Westwood, New Jersey

- 1 -

349 Kinderkamack Road • Westwood, NJ 07675-1652

TRIPLE NEGATIVE BREAST CANCER FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31,			
	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 337,490	\$ 158,093	\$ 495,583	\$ 463,841
Investments	554,238		554,238	454,481
Contributions receivable	18,300		18,300	4,600
Prepaid expenses and other current assets	9,566		9,566	18,986
Total current assets	919,594	158,093	1,077,687	941,908
Fixed assets, net	1,888		1,888	3,777
Total Assets	\$ 921,482	\$ 158,093	\$ 1,079,575	\$ 945,685
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	\$ 43,073		\$ 43,073	\$ 29,682
Grants payable	535,000		535,000	260,000
Total current liabilities	578,073		578,073	289,682
Grants payable - long term, net of interest of \$3,737 and \$8,000	71,566		71,566	152,000
Total liabilities	649,639		649,639	441,682
Net assets				
Unrestricted	271,843		271,843	321,953
Temporarily restricted		\$ 158,093	158,093	182,050
Total net assets	271,843	158,093	429,936	504,003
Total Liabilities and Net Assets	\$ 921,482	\$ 158,093	\$ 1,079,575	\$ 945,685

See Independent Auditors' Report and Accompanying Notes to Financial Statements

TRIPLE NEGATIVE BREAST CANCER FOUNDATION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	For the Year Ended December 31,			2015
	2016			
	Unrestricted	Temporarily Restricted	Total	
Public support and revenue				
Public support				
Contributions	\$ 568,032	\$ 158,093	\$ 726,125	\$ 732,952
Fundraising events income (net of expenses of \$113,462 and \$101,349)	44,332		44,332	191,378
Net assets released from restriction	182,050	(182,050)		
Revenue				
Investment return, net	46,790		46,790	(13,663)
Total public support and revenue	<u>841,204</u>	<u>(23,957)</u>	<u>817,247</u>	<u>910,667</u>
Expenses				
Program services	717,373		717,373	798,657
Management and general	110,874		110,874	112,974
Fundraising	63,067		63,067	63,869
Total expenses	<u>891,314</u>		<u>891,314</u>	<u>975,500</u>
Changes in net assets	(50,110)	(23,957)	(74,067)	(64,833)
Net assets, beginning of year	<u>321,953</u>	<u>182,050</u>	<u>504,003</u>	<u>568,836</u>
Net assets, end of year	<u>\$ 271,843</u>	<u>\$ 158,093</u>	<u>\$ 429,936</u>	<u>\$ 504,003</u>

See Independent Auditors' Report and Accompanying Notes to Financial Statements

TRIPLE NEGATIVE BREAST CANCER FOUNDATION, INC.
STATEMENTS OF CASH FLOWS

	For the Year Ended December 31,	
	2016	2015
Cash flows from operating activities		
Changes in net assets	\$ (74,067)	\$ (64,833)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,888	1,976
Net realized gain/loss on investments	6,743	(89)
Net unrealized gain/loss on investments	(35,574)	20,899
Amortization of bond premium		8,460
(Decrease) increase in cash attributable to change in assets and liabilities:		
Contributions receivable	(13,700)	16,900
Prepaid expenses and other current assets	9,420	(16,978)
Accounts payable and accrued expenses	13,391	(52,561)
Grants payable	194,566	89,500
Net cash provided by operating activities	102,667	3,274
Cash flows from investing activities		
Capital expenditure		(5,665)
Proceeds from sale of investments	390,046	107,555
Purchase of investments	(460,971)	(269,546)
Net cash used in investing activities	(70,925)	(167,656)
Net decrease in cash	31,742	(164,382)
Cash and cash equivalents balance at beginning of year	463,841	628,223
Cash and cash equivalents balance at end of year	\$ 495,583	\$ 463,841
Supplemental Cash Flow Disclosures:		
Cash paid during the period for		
Interest	\$ 0	\$ 0
Income tax	\$ 0	\$ 0

See Independent Auditors' Report and Accompanying Notes to Financial Statements

TRIPLE NEGATIVE BREAST CANCER FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31,

	2016				2015			
	Program Services	Management and General	Fund Raising	Total	Program Services	Management and General	Fund Raising	Total
Program costs and expenses	\$ 10,104			\$ 10,104	\$ 47,554			\$ 47,554
Grants	512,292			512,292	564,667			564,667
Insurance		\$ 6,573		6,573		\$ 6,087		6,087
Travel	2,621			2,621	3,325		\$ 441	3,766
Printing and photography	1,032	700	\$ 350	2,082	1,469	1,145	572	3,186
Promotion and entertainment	1,785		1,785	3,570	2,225		2,225	4,450
Web design and hosting	18,820		18,820	37,640	13,749		13,749	27,498
Office expense	1,927	23,949	11,266	37,142	36,298	35,225	23,253	94,776
Salaries and benefits	168,328	72,215	29,453	269,996	128,340	54,043	20,540	202,923
Professional fees	465	7,437	1,394	9,296	1,030	16,474	3,089	20,593
Total expenses	<u>\$ 717,373</u>	<u>\$ 110,874</u>	<u>\$ 63,067</u>	<u>\$ 891,314</u>	<u>\$ 798,657</u>	<u>\$ 112,974</u>	<u>\$ 63,869</u>	<u>\$ 975,500</u>

See Independent Auditors' Report and Accompanying Notes to Financial Statements

TRIPLE NEGATIVE BREAST CANCER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 1 – NATURE OF ORGANIZATION

Triple Negative Breast Cancer Foundation, Inc. (the “Foundation”) is a not-for profit organization. Triple negative breast cancer is a form of breast cancer that tests negative for three common receptors (estrogen, progesterone and HER2). The Foundation’s mission is to raise awareness of triple negative breast cancer, and to support scientists and researchers in their quest for effective prevention, detection and treatment of the disease.

The Foundation is exempt from Federal income taxes under section 501 (c)(3) of the Internal Revenue Service Code and has been classified as a publicly supported organization as described in Code sections 509(a)(1) and 170(b)(A)(VI).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

The financial statements of the Foundation have been prepared using the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

Net Asset Accounting

The Foundation’s net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Permanently Restricted – Net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

Temporarily Restricted – Net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets.

Unrestricted – The part of the net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

At December 31, 2016 and 2015, the Foundation had \$158,093 and \$182,050, respectively, temporarily restricted net assets and no permanently restricted net assets.

TRIPLE NEGATIVE BREAST CANCER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

Income Taxes

In accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 740, *Income Taxes*, the Foundation applies the “more likely than not” threshold to the recognition and derecognition of tax positions for its financial statements. Using that guidance, the Foundation believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements as of December 31, 2016 and 2015.

The Internal Revenue Service (“IRS”) has determined that the Foundation is exempt from federal income tax under Section 501(c)(3) of the United States Internal Revenue Code (the “Code”) and from state and local income taxes under comparable laws. As a not-for-profit entity, the Foundation is subject to unrelated business income tax (“UBIT”), if applicable. For the tax years ended December 31, 2016 and 2015, the Foundation did not owe any UBIT.

Management has evaluated the Foundation’s tax positions for all open tax years and has concluded that the Foundation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of GAAP. Generally, the Foundation is no longer subject to income tax examinations by the U.S. Federal, State or Local tax authorities for years before 2013, which is the standard statute of limitations look-back period.

The Foundation files information tax returns in the U.S. Federal, New York State and State of New Jersey jurisdictions.

Contributions

Unconditional grants and contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. These gifts are reported as unrestricted funds at the date the contribution is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

TRIPLE NEGATIVE BREAST CANCER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques 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). Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Under the new standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

TRIPLE NEGATIVE BREAST CANCER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:

Recently Adopted Accounting Pronouncements

In addition, FASB issued Accounting Standards Update (“ASU”) No. 2010-06, Improving Disclosures about Fair Value Measurements. This update amends FASB ASC 820, Fair Value Measurements and Disclosures, to require new disclosures for significant transfers in and out of Level 1 and Level 2 fair value measurements, disaggregation regarding classes of assets and liabilities, valuation techniques, and inputs used to measure fair value for both recurring and nonrecurring fair value measurements for Level 2 or Level 3. These disclosures are effective for reporting periods beginning after December 15, 2009. Additional new disclosures regarding the purchases, sales issuances, and settlements in the roll-forward of activity in Level 3 fair value measurements are effective for fiscal years beginning after December 15, 2010. The Foundation adopted the relevant disclosure provisions of ASU 2010-06 on January 1, 2013. The adoption of this standard did not have a material effect on the Foundation’s financial statements.

Depreciation

Depreciation has been provided on estimated useful lives for financial accounting purposes and statutory lives for tax purposes. Both utilize the straight-line and accelerated methods. The estimated and statutory lives used are as follows:

Equipment	5 years
Website	3 years

Expenditures for maintenance and repairs are charged to operations, and renewals and betterments are capitalized.

In-Kind Donations and Contributed Services

Material gifts in kind used by the Triple Negative Breast Cancer Foundation are recorded as income and expense at the time the items are placed into service or distributed.

Contributed services are reported as contributions at their fair value if such services create or enhance nonfinancial assets, would have been purchased if not provided by contributions, require specialized skills and are provided by individuals possessing such specialized skills.

Functional Expenses

The costs of providing various services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs benefited.

TRIPLE NEGATIVE BREAST CANCER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Foundation has evaluated subsequent events through August 1, 2017, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure on these financial statement

NOTE 3 – INVESTMENTS

Investments at December 31, 2016 and 2015 consisted of the following:

	<u>2016</u>		<u>2015</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Municipal Bonds	\$ 0	\$ 0	\$ 202,300	\$ 205,961
Common Stock	87,000	94,111	49,991	47,629
Exchange-Traded & Closed-End	216,749	227,871	166,896	153,892
Mutual Funds	<u>232,934</u>	<u>232,255</u>	<u>49,892</u>	<u>46,999</u>
Total Investments	<u>\$ 536,683</u>	<u>\$ 554,237</u>	<u>\$ 469,079</u>	<u>\$ 454,481</u>

Investment return and its classification in the Statements of Activities and Changes in Net Assets for the years ended December 31, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
	<u>Unrestricted</u>	<u>Unrestricted</u>
Interest and dividends	\$ 17,959	\$ 15,607
Amortization of bond premium	0	(8,460)
Unrealized gain/loss	35,574	(20,899)
Realized gain/loss	<u>(6,743)</u>	<u>89</u>
	<u>\$ 46,790</u>	<u>\$ (13,663)</u>

TRIPLE NEGATIVE BREAST CANCER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 4 – FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value are based on one or more of three valuation techniques identified in the tables below. The valuation techniques are as follows:

- (a) *Market approach.* Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- (b) *Cost approach.* Amount that would be required to replace the service capacity of an asset (replacement cost); and
- (c) *Income approach.* Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing and excess earnings models).

The following tables summarize the Foundation's assets measured at fair value on a recurring basis, categorized by GAAP's valuation hierarchy as of December 31, 2016 and 2015:

	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total at December 31, 2016	Valuation Technique
Common Stock Exchange-Traded & Closed-End Funds	\$ 94,111			\$ 94,111	(a)
Mutual Funds	227,872			227,872	(a)
	232,255			232,255	(a)
Total	\$ 554,238			\$ 554,238	

	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total at December 31, 2015	Valuation Technique
Municipal Bonds	\$ 205,961			\$ 205,961	(a)
Common Stock Exchange-Traded & Closed-End Funds	47,629			47,629	(a)
Mutual Funds	153,892			153,892	(a)
	46,999			46,999	(a)
Total	\$ 454,481			\$ 454,481	

During the years ended December 31, 2016 and 2015, there were no transfers between levels of the fair value hierarchy.

TRIPLE NEGATIVE BREAST CANCER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 5 – COMMITMENTS

Grants Payable

Grants payable represents all unconditional grants that have been authorized prior to year-end, but remain unpaid at December 31, 2016 and 2015.

Other Grants

During 2016 and 2015, the Foundation entered into agreements with various other organizations to provide grants for program services related to triple negative breast cancer. The total grants awarded were \$512,292 and \$564,667, respectively. As of December 31, 2016 and 2015, amounts of \$606,566 and \$412,000 were outstanding, respectively.

NOTE 6 – CONCENTRATION OF CREDIT RISKS

The Foundation maintains cash balances with major financial institutions which routinely during 2016 and 2015 were in excess of federal insurance limits. The Foundation has not experienced any losses in these accounts, and management does not believe the Foundation is exposed to any significant credit risks with respect to cash.

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Foundation's financial position.