

**Y-ME NATIONAL BREAST
CANCER ORGANIZATION, INC.**

YEARS ENDED JUNE 30, 2011 AND 2010

**Y-ME NATIONAL BREAST
CANCER ORGANIZATION, INC.**

YEARS ENDED JUNE 30, 2011 AND 2010

CONTENTS

	Page
Independent auditors' report	1
Financial statements:	
Statement of financial position	2
Statement of activities	3-4
Statement of functional expenses	5-6
Statement of cash flows	7
Notes to financial statements	8-20

Independent Auditors' Report

Board of Directors
Y-ME National Breast Cancer Organization, Inc.
Chicago, Illinois

We have audited the accompanying statement of financial position of Y-ME National Breast Cancer Organization, Inc. (the Organization) as of June 30, 2011 and 2010 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization'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 Y-ME National Breast Cancer Organization, Inc. as of June 30, 2011 and 2010 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.

Ostrow Reisin Berk + Abrams, Ltd.

October 28, 2011

**Y-ME NATIONAL BREAST
CANCER ORGANIZATION, INC.**

STATEMENT OF FINANCIAL POSITION

June 30,	2011	2010
ASSETS (Note 10)		
Cash and cash equivalents	\$ 263,802	\$ 1,717,124
Investments (Note 2)	803,204	1,532,774
Grants, contributions and other receivables, net of allowance for uncollectible receivables of \$17,353 in 2011 and \$44,478 in 2010	333,444	408,080
Inventory	277,084	259,269
Prepaid expenses	113,889	225,705
Property and equipment, net (Note 3)	99,104	254,384
Deposits	173,066	171,598
Total assets	\$ 2,063,593	\$ 4,568,934
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 395,962	\$ 914,252
Accrued expenses	201,275	501,956
Deferred rent	299,197	380,137
Total liabilities	896,434	1,796,345
Net assets:		
Unrestricted	483,055	1,581,894
Temporarily restricted (Note 5)	243,237	749,828
Permanently restricted (Notes 5 and 9)	440,867	440,867
Total net assets	1,167,159	2,772,589
Total liabilities and net assets	\$ 2,063,593	\$ 4,568,934

See notes to financial statements.

**Y-ME NATIONAL BREAST
CANCER ORGANIZATION, INC.**

STATEMENT OF ACTIVITIES

Years ended June 30,	2011				2010			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenue:								
Public support:								
Grants and donations	\$ 2,717,062	\$ 242,000		\$ 2,959,062	\$ 2,468,741	\$ 653,179		\$ 3,121,920
Special fundraisers	3,213,139			3,213,139	4,718,054			4,718,054
Cost of direct benefit to donors	(174,070)			(174,070)	(143,911)			(143,911)
Total public support	5,756,131	242,000		5,998,131	7,042,884	653,179		7,696,063
Other revenue (expense):								
Sales of educational materials	7,260			7,260	6,964			6,964
Interest, dividends and capital gain distributions	9,073	17,498		26,571	34,151	26,668		60,819
Realized and unrealized gain (loss) on investments (Note 2)	(3,961)			(3,961)	107,652			107,652
Miscellaneous revenue	63,166			63,166	85,310			85,310
Total other revenue, net	75,538	17,498		93,036	234,077	26,668		260,745
Net assets released from restrictions (Note 5)	766,089	(766,089)			2,135,120	(2,135,120)		
Total revenue	6,597,758	(506,591)		6,091,167	9,412,081	(1,455,273)		7,956,808

See notes to financial statements.

**Y-ME NATIONAL BREAST
CANCER ORGANIZATION, INC.**

STATEMENT OF ACTIVITIES (CONTINUED)

Years ended June 30,	2011				2010			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Expenses:								
Program services:								
Hotline	\$ 2,936,708			\$ 2,936,708	\$ 2,301,025			\$ 2,301,025
Training	250,765			250,765	97,681			97,681
Affiliate services	1,475,861			1,475,861	3,582,991			3,582,991
Advocacy	337,719			337,719	223,137			223,137
Outreach	297,713			297,713	2,187,248			2,187,248
Communication	494,877			494,877	718,553			718,553
Total program services	5,793,643			5,793,643	9,110,635			9,110,635
Supporting services:								
Management and general	513,617			513,617	472,012			472,012
Fundraising	1,389,337			1,389,337	1,471,191			1,471,191
Total supporting services	1,902,954			1,902,954	1,943,203			1,943,203
Total expenses	7,696,597			7,696,597	11,053,838			11,053,838
Change in net assets	(1,098,839)	\$ (506,591)		(1,605,430)	(1,641,757)	\$ (1,455,273)		(3,097,030)
Net assets:								
Beginning of year	1,581,894	749,828	\$ 440,867	2,772,589	3,223,651	2,205,101	\$ 440,867	5,869,619
End of year	\$ 483,055	\$ 243,237	\$ 440,867	\$ 1,167,159	\$ 1,581,894	\$ 749,828	\$ 440,867	\$ 2,772,589

See notes to financial statements.

**Y-ME NATIONAL BREAST
CANCER ORGANIZATION, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2011	Program services							Supporting services			Total expenses
	Hotline	Training	Affiliate services	Advocacy	Outreach	Communication	Total	Management and general	Fund-raising	Total	
Salaries	\$ 1,121,584	\$ 51,126	\$ 493,710	\$ 100,228	\$ 134,368	\$ 160,906	\$ 2,061,922	\$ 104,715	\$ 395,231	\$ 499,946	\$ 2,561,868
Payroll taxes	99,469	4,156	48,347	8,862	16,344	16,131	193,309	8,513	27,749	36,262	229,571
Advertising	23,010	1,602	2,829	10,270	801	10,105	48,617	3,281	120,794	124,075	172,692
Bad debts	23,665	4,733	7,100	4,733	2,367	4,733	47,331	9,694		9,694	57,025
Conference and workshops	20,133	29	1,087	29	15	3,054	24,347	60	4,914	4,974	29,321
Consulting and professional fees	403,437	62,094	131,700	62,094	39,047	149,476	847,848	127,181	311,706	438,887	1,286,735
Depreciation and amortization	64,304	12,861	19,291	12,861	6,430	12,861	128,608	26,341		26,341	154,949
Employee benefits	211,986	9,196	86,160	27,226	41,617	22,547	398,732	18,836	63,485	82,321	481,053
In-kind services, materials and use of facilities	371,972	17,013	25,520	17,013	8,507	17,013	457,038	34,846	7,400	42,246	499,284
Occupancy	195,902	39,252	351,325	38,891	19,265	38,891	683,526	80,397	3,065	83,462	766,988
Other	57,968	11,590	110,090	11,590	5,793	11,589	208,620	23,737	160,314	184,051	392,671
Mammogram/diagnostics			37,519				37,519				37,519
Postage and shipping	31,882	612	9,787	1,612	4,510	1,702	50,105	1,254	29,623	30,877	80,982
Printing and publication	15,811	108	7,981	108	(2,809)	7,065	28,264	220	107,769	107,989	136,253
Rental and maintenance of equipment	115,954	18,919	32,741	18,919	9,460	18,919	214,912	38,751	85,696	124,447	339,359
Staff	17,537	2,563	20,213	7,542	1,792	3,621	53,268	5,249	21,338	26,587	79,855
Supplies	34,784	4,601	25,185	4,601	2,616	4,657	76,444	9,424	30,203	39,627	116,071
Telephone	120,082	10,208	42,947	11,038	7,511	11,505	203,291	20,909	2,642	23,551	226,842
Volunteer	7,228	102	22,329	102	79	102	29,942	209	17,408	17,617	47,559
Total expenses	\$ 2,936,708	\$ 250,765	\$ 1,475,861	\$ 337,719	\$ 297,713	\$ 494,877	\$ 5,793,643	\$ 513,617	\$ 1,389,337	\$ 1,902,954	\$ 7,696,597

See notes to financial statements.

**Y-ME NATIONAL BREAST
CANCER ORGANIZATION, INC.**

STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)

Year ended June 30, 2010	Program services							Supporting services			Total expenses
	Hotline	Training	Affiliate services	Advocacy	Outreach	Communication	Total	Management and general	Fund-raising	Total	
Salaries	\$ 1,100,228	\$ 31,190	\$ 1,448,483	\$ 107,511	\$ 992,737	\$ 284,216	\$ 3,964,365	\$ 159,708	\$ 576,293	\$ 736,001	\$ 4,700,366
Payroll taxes	81,314	2,113	108,643	7,752	72,606	20,793	293,221	10,822	39,826	50,648	343,869
Advertising	489	72	33,275	10,237	20,822	46,755	111,650	371	61,825	62,196	173,846
Bad debts	15,306	2,267	23,809	1,701	9,637	3,967	56,687	11,611		11,611	68,298
Conference and workshops			6,749		61,284	128,390	196,423		18,150	18,150	214,573
Consulting and professional fees	52,907	6,908	155,945	5,181	173,054	28,050	422,045	35,370	198,259	233,629	655,674
Depreciation and amortization	57,305	8,490	90,697	6,367	36,081	14,857	213,797	41,916		41,916	255,713
Employee benefits	191,904	5,521	236,369	34,996	224,026	37,741	730,557	26,885	116,085	142,970	873,527
In-kind services and materials	379,521						379,521		10,000	10,000	389,521
Occupancy	113,270	16,472	612,102	14,439	72,351	30,911	859,545	84,344	7,112	91,456	951,001
Other	52,729	7,813	159,816	5,858	33,226	13,719	273,161	43,779	77,479	121,258	394,419
Mammogram/diagnostics			229,732		29,367		259,099				259,099
Postage and shipping	45,885	2,439	57,237	692	47,167	5,181	158,601	3,478	25,141	28,619	187,220
Printing and publication	43,189	234	47,988	176	221,323	69,023	381,933	1,199	171,826	173,025	554,958
Rental and maintenance of equipment	38,854	6,637	134,853	4,088	22,145	10,727	217,304	22,987	96,116	119,103	336,407
Staff	11,746	668	41,147	12,911	74,193	8,724	149,389	3,190	17,390	20,580	169,969
Supplies	8,865	995	50,202	746	48,274	1,751	110,833	5,095	25,152	30,247	141,080
Telephone	106,030	5,862	95,416	10,432	30,000	13,714	261,454	21,257	12,322	33,579	295,033
Volunteer	1,483		50,528	50	18,955	34	71,050		18,215	18,215	89,265
Total expenses	\$ 2,301,025	\$ 97,681	\$ 3,582,991	\$ 223,137	\$ 2,187,248	\$ 718,553	\$ 9,110,635	\$ 472,012	\$ 1,471,191	\$ 1,943,203	\$ 11,053,838

See notes to financial statements.

**Y-ME NATIONAL BREAST
CANCER ORGANIZATION, INC.**

STATEMENT OF CASH FLOWS

Years ended June 30,	2011	2010
Operating activities:		
Change in net assets	\$ (1,605,430)	\$ (3,097,030)
Adjustments to reconcile above to cash used in operating activities:		
Depreciation and amortization	154,949	255,713
Realized and unrealized (gain) loss on investments	3,961	(107,652)
Loss on disposal of equipment	331	
Donated inventory	(304,723)	(379,521)
Inventory given to patients	286,908	392,187
(Increase) decrease in operating assets:		
Grants, contributions and other receivables	74,636	646,300
Prepaid expenses	111,816	(116,668)
Deposits	(1,468)	(2,947)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(818,971)	(347,875)
Deferred rent	(80,940)	339,205
Cash used in operating activities	(2,178,931)	(2,418,288)
Investing activities:		
Proceeds from sale of investments	955,217	2,534,022
Purchase of investments	(229,608)	(2,556,949)
Purchase of property and equipment		(8,950)
Cash provided by (used in) investing activities	725,609	(31,877)
Decrease in cash and cash equivalents	(1,453,322)	(2,450,165)
Cash and cash equivalents:		
Beginning of year	1,717,124	4,167,289
End of year	\$ 263,802	\$ 1,717,124

See notes to financial statements.

Y-ME NATIONAL BREAST CANCER ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies

Description of organization:

In February 2011, the organization changed its name back to Y-ME National Breast Cancer Organization, Inc. (the Organization) (formerly known as Breast Cancer Network of Strength, Inc.) to refocus on its original mission – assuring that no one goes through breast cancer alone. The Organization provides 24/7/365 support to breast cancer patients, survivors and their family and friends. Program services include:

Hotline (formerly YourShoes) – The Organization provides 24/7/365 support through our network of 141 trained peer counselors, made up of 19 full-time staff and 122 volunteers across 22 states;

Training – Training is critical to assuring that every caller gets adequate support and reliable information. Every hotline staff member and volunteer peer counselor must complete a basic 40-hour training module that includes instruction on handling both informational and emotional issues and pass a certification test. They must be recertified each year based on an ongoing series of continuing education courses to keep them up-to-date on new developments in diagnosis, treatment and research;

Affiliate services – to help expand the Organization’s programs, including support groups and patient services across the country;

Advocacy – to educate decision-makers and inform constituents to impact patient access to better treatments and quality of care;

Outreach – to provide hotline, education and support services for women with special needs; and

Communication – to provide resources, including a website, for patients seeking information about every aspect of breast cancer risk, diagnosis and treatment.

Basis of presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting.

Y-ME NATIONAL BREAST CANCER ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of significant accounting policies (continued)

Financial statement presentation:

The Organization distinguishes between unrestricted, temporarily restricted and permanently restricted net assets and changes in net assets. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets. This is reported in the statement of activities as net assets released from restrictions.

The net assets of the Organization are reported as follows:

Unrestricted – Unrestricted net assets represent the portion of expendable funds that are available for support of the Organization's operations. The unrestricted fund includes contributions received from the public, investment income and operational revenue and expenses.

Temporarily restricted – Temporarily restricted net assets represent contributions specifically restricted by the donor for funding of the Organization's activities, the use of which is restricted to either purpose or time.

Permanently restricted – Permanently restricted net assets represent those principal amounts subject to donor stipulation whereby the amount contributed must be maintained in perpetuity by the Organization. Investment income is available for unrestricted or specific purposes.

Cash and cash equivalents:

The Organization considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. The carrying value of cash equivalents approximates fair value.

Investments:

Investments in securities are measured at fair value in the statement of financial position. Unless the income, including realized and unrealized gains and losses from investments, was restricted by donors or grantors at the time of the gift or grant, it is recorded as an increase in unrestricted net assets.

**Y-ME NATIONAL BREAST
CANCER ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of significant accounting policies (continued)

Inventory:

Inventory of wigs, bras and prosthesis is stated at the lower of cost (first-in, first-out method) or market.

Property and equipment and related depreciation and amortization:

Expenditures for property and equipment in excess of \$500 for individual purchases are capitalized at cost. Donated property and equipment are recorded at fair value at date of receipt. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets, ranging from three to eight years.

Revenue recognition:

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional expenses:

Operating expenses identified directly with a functional area are charged to that area and where these expenses affect more than one area, they are allocated on the basis of ratios estimated by management.

Advertising:

Advertising costs are expensed when incurred. Total advertising costs were \$172,692 and \$173,846 for the years ended June 30, 2011 and 2010, respectively.

Income taxes:

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined to be an organization that is not a private foundation under Section 509(a) of the Code. Accordingly, no provision for income or excise tax has been made in the accompanying financial statements.

**Y-ME NATIONAL BREAST
CANCER ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of significant accounting policies (continued)

Fair value measurements:

As required by the Fair Value Measurements and Disclosures of the Financial Accounting Standards Board (FASB) Accounting Standards Codification, the Organization defines fair value and specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. The three levels of the fair value hierarchy are as follows:

- Level 1 Quoted prices for identical instruments in active markets.

- Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

- Level 3 Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

A financial instrument's level within fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The value of all of the Organization's assets and liabilities which are required to be carried at fair value are considered Level 1 assets and liabilities.

Use of estimates:

The preparation of the financial statements in conformity 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.

**Y-ME NATIONAL BREAST
CANCER ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Investments

Investments are composed of the following:

June 30, 2011			
	Cost	Fair value	Excess of fair value over cost
Cash and money market funds	\$ 328,109	\$ 328,109	
Corporate bonds	323,094	334,983	\$ 11,889
U.S. Government agency obligations	54,223	57,030	2,807
U.S. Treasury notes	77,445	80,131	2,686
Common stocks	1,532	2,951	1,419
Totals	\$ 784,403	\$ 803,204	\$ 18,801

June 30, 2010			
	Cost	Fair value	Excess of fair value over cost (cost over fair value)
Cash and money market funds	\$ 1,066,149	\$ 1,066,149	
Corporate bonds	300,589	304,080	\$ 3,491
U.S. Government agency obligations	79,227	81,922	2,695
U.S. Treasury notes	77,445	79,635	2,190
Common stocks	1,018	988	(30)
Totals	\$ 1,524,428	\$ 1,532,774	\$ 8,346

**Y-ME NATIONAL BREAST
CANCER ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Property and equipment

Property and equipment consist of the following:

June 30,	2011	2010
Computer equipment	\$ 905,337	\$ 906,170
Furniture and fixtures	97,552	97,552
Office equipment	397,381	397,381
Software	175,180	177,409
Other	5,551	5,551
	1,581,001	1,584,063
Accumulated depreciation and amortization	(1,481,897)	(1,329,679)
Property and equipment, net	\$ 99,104	\$ 254,384

4. Leases

The Organization has various operating lease agreements for office space which expire through June 30, 2014. The Organization is also responsible for additional rent equal to a proportionate share of real estate taxes and operating expenses on multiple leases. Total rent expense was approximately \$676,000 and \$826,000 for the years ended June 30, 2011 and 2010, respectively.

For financial reporting purposes, rent expense is recognized according to the terms of the leases, which approximates recognition of the aggregate minimum rentals on a straight-line allocation basis over the lease period. Deferred rent at June 30, 2011 and 2010 represent the unamortized lease incentives.

On August 1, 2006, the Organization entered into an operating lease for a copier. The lease expired on August 1, 2011. The base rent for the copier is \$322 per month. In addition to the base rent, the Organization pays a print charge. Payments for the lease and print charges totaled \$3,909 for each of the years ended June 30, 2011 and 2010.

During the year ended June 30, 2009, the Organization entered into a new operating lease for office space located in Chicago, Illinois effective July 1, 2009. The lease, which expires on June 30, 2014, provides for a rent abatement for the first 12 months of the lease term. The lease requires the Organization to have a \$150,000 letter of credit as a security interest under the lease.

**Y-ME NATIONAL BREAST
CANCER ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Leases (continued)

Future annual minimum lease payments due under the noncancelable leases as of June 30, 2011 are as follows:

Year ending June 30:	Amount
2012	\$ 593,430
2013	504,284
2014	457,932
Total	\$ 1,555,646

5. Restricted net assets

Temporarily restricted net assets represent grants and contributions for a specific purpose or designated for a future period as follows:

June 30,	2011	2010
Purpose restriction:		
Endowment fund (Chattanooga affiliate)	\$ 60,737	\$ 110,000
Chicago Bears Care	19,000	
Mountain Shadow (Colorado support group)	7,000	
Komen Mammogram Grant - Specifically for underserved populations		64,091
Genomic Health - My Breast Cancer Coach		12,500
Purpose and time restriction:		
Avon - Hotline	100,000	
Eisai - Training	25,500	
Eli Lilly - Hotline	25,000	
Osteopathic Founders Foundation, Camp Hope	6,000	6,000
Sanofi-Aventis - Hotline		500,000
Amgen		32,238
Latino Outreach		24,999
Total temporarily restricted net assets	\$ 243,237	\$ 749,828

**Y-ME NATIONAL BREAST
CANCER ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. Restricted net assets (continued)

Income from permanently restricted net assets is to be used for the general operations of the Chattanooga affiliate and for an annual award for excellence in breast cancer care. (See Notes 9 and 11)

Temporarily restricted net assets were released from restriction upon satisfying the specific purpose of the restricted contributions.

6. In-kind contributions

In-kind contributions are reflected as contributions at their estimated value at date of donation. The Organization reports gifts of equipment and other nonmonetary contributions as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

In-kind contributions consisted of the following:

Years ended June 30,	2011	2010
Wigs and prosthesis	\$ 304,723	\$ 379,521
Professional services	161,736	
Materials and use of facilities for special events	32,825	10,000
Total	\$ 499,284	\$ 389,521

In-kind contributions related to fundraising expenses were included as part of special fundraisers public support revenue. All other in-kind contributions and donated services were included in grants and donations public support revenue.

As required by generally accepted accounting principles, the Organization records the fair market value of contributed services if the contributed services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would need to be purchased if not provided by donations. The Organization received a significant number of hours of volunteer work during the years ended June 30, 2011 and 2010. The fair market value of those contributed services was not recognized as revenue in the financial statements as they do not meet the requirements under generally accepted accounting principles.

**Y-ME NATIONAL BREAST
CANCER ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. Retirement plan

The Organization offers the opportunity for all its eligible employees to participate in a 401(k) profit-sharing plan (the Plan). The Plan allows employees to make voluntary contributions within stated limits set by the Plan for which maximum amounts are subject to Internal Revenue Service statutory limitations. The Plan provided a safe harbor contribution equal to 100% of each employee's voluntary contribution that does not exceed 4% of the employee's compensation through January 1, 2011. As of January 1, 2011, the Plan was amended to eliminate the safe harbor match and include a regular match at the sole discretion of the employer. The Plan also provides for a discretionary profit-sharing contribution. Safe harbor matching contributions for the years ended June 30, 2011 and 2010 was approximately \$94,000 and \$122,000, respectively. There was no regular match or discretionary profit-sharing contribution for the years ended June 30, 2011 and 2010.

8. Concentrations of credit risk

The Organization's cash balances of accounts at financial institutions at times may exceed federally-insured limits. At June 30, 2011 and 2010, the uninsured cash balance amounted to approximately \$131,000 and \$1,464,000, respectively. The Organization has not experienced any losses in such accounts. Management believes that the Organization is not subject to any significant credit risk on cash.

9. Endowment fund

The Organization's endowment is an individual fund established in order to obtain additional funding from the income stream the fund will generate that will allow the Organization to expand and serve the need in the community. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Y-ME NATIONAL BREAST
CANCER ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. Endowment fund (continued)

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in debt securities that are intended to result in a consistent inflation-protected rate of return. Therefore, the Organization expects its endowment assets, over time, to remain consistent with capital preservation as the investment objective. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. The Organization has a policy of preserving the initial investment until an appropriate expenditure policy is established.

**Y-ME NATIONAL BREAST
CANCER ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. Endowment fund (continued)

Endowment net asset composition by type of fund as of June 30, 2011 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds	\$ -	\$ 60,737	\$ 440,867	\$ 501,604
Total funds	\$ -	\$ 60,737	\$ 440,867	\$ 501,604

Changes in endowment net assets for the year ended June 30, 2011 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ -	\$ 110,000	\$ 440,867	\$ 550,867
Investment income		17,498		17,498
Amounts appropriated for expenditure		(66,761)		(66,761)
Endowment net assets, end of year	\$ -	\$ 60,737	\$ 440,867	\$ 501,604

Endowment net asset composition by type of fund as of June 30, 2010 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds	\$ -	\$ 110,000	\$ 440,867	\$ 550,867
Total funds	\$ -	\$ 110,000	\$ 440,867	\$ 550,867

**Y-ME NATIONAL BREAST
CANCER ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. Endowment fund (continued)

Changes in endowment net assets for the year ended June 30, 2010 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ -	\$ -	\$ 440,867	\$ 440,867
Net asset reclassification		94,446		94,446
Investment income		26,668		26,668
Amounts appropriated for expenditure		(11,114)		(11,114)
Endowment net assets, end of year	\$ -	\$ 110,000	\$ 440,867	\$ 550,867

Generally accepted accounting principles provides guidance on the net asset classification of donor-restricted endowment funds for a non-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). Generally accepted accounting principles also require additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and Board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The Board of Directors, on the advice of legal counsel, has determined that the majority of the Organization's permanently restricted net assets meet the definition of endowment funds under UPMIFA.

See Note 11 – subsequent events.

10. Line of credit, bank

The Organization has a loan agreement with a bank which permits borrowings under a line of credit up to a maximum amount of \$500,000. The amount borrowed cannot exceed certain percentage of eligible receivables, as defined under the agreement. Interest is payable monthly at the greater of the bank's prime rate or 4.75% per annum, plus 2%. As of June 30, 2011 and 2010, the bank's prime rate was 3.25%. The Organization may request advances under this agreement until its present maturity date of February 24, 2012. Any borrowings under the line of credit are collateralized by substantially all the assets of the Organization, including pledged unrestricted investments which shall not fall below \$200,000 as provided under the terms of the agreement. The Organization had no outstanding balances due at June 30, 2011 and 2010.

**Y-ME NATIONAL BREAST
CANCER ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

11. Subsequent events

Subsequent to year-end, the Organization's Board of Directors resolved to transfer the former Chattanooga, TN affiliate's endowment fund and specifically identified cash balances to a newly created entity. This new entity will be formed by the management and Board of Directors of the former affiliate and will be unaffiliated with the Organization. The balance of the endowment fund and cash balances at June 30, 2011 is \$518,634.

Management of the Organization has reviewed and evaluated subsequent events from June 30, 2011, the financial statement date, through October 28, 2011, the date the financial statements were available to be issued.