

SHARSHERET, INC.
FINANCIAL STATEMENTS
AND AUDITOR'S REPORT
DECEMBER 31, 2015

SHARSHERET, INC.

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Independent Auditor's Report

**Board of Directors
Sharsheret, Inc.**

Report on the Financial Statements

We have audited the accompanying financial statements of Sharsheret, Inc., which comprise the balance sheet as of December 31, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sharsheret, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Sharsheret, Inc.'s December 31, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 11, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Loeb & Troper LLP

November 3, 2016

SHARSHERET, INC.

BALANCE SHEET

DECEMBER 31, 2015

(With Summarized Financial Information for December 31, 2014)

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 2,222,283	\$ 1,649,007
Certificates of deposit - deferred compensation (Note 5)		411,517
Investments (Note 3)	1,580,433	1,457,589
Investments - deferred compensation (Note 3 and 5)		546,449
Contributions receivable (Note 6)	73,036	63,039
Government grant receivable	31,980	27,419
Prepaid expenses and other assets	9,569	22,179
Fixed assets - net (Note 4)	<u>4,450</u>	<u>7,050</u>
Total assets	<u>\$ 3,921,751</u>	<u>\$ 4,184,249</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 17,743	\$ 46,733
Deferred rent payable	6,216	2,291
Deferred compensation payable (Note 5)		<u>1,010,419</u>
Total liabilities	<u>23,959</u>	<u>1,059,443</u>
Net assets (Exhibit B)		
Unrestricted		
Operating	3,640,554	2,803,429
Board designated	<u>100,000</u>	<u>100,000</u>
Total unrestricted net assets	3,740,554	2,903,429
Temporarily restricted (Note 7)	<u>157,238</u>	<u>221,377</u>
Total net assets	<u>3,897,792</u>	<u>3,124,806</u>
Total liabilities and net assets	<u>\$ 3,921,751</u>	<u>\$ 4,184,249</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

SHARSHERET, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015
 (With Summarized Financial Information
 for the Year Ended December 31, 2014)

	2015			2014
	Unrestricted	Temporarily Restricted	Total	
Revenues and other support				
Contributions	\$ 1,089,143	\$ 195,464	\$ 1,284,607	\$ 1,137,828
Contributions - in-kind	5,848		5,848	5,220
Special events	\$ 1,155,367			
Less direct costs of special events	<u>(171,262)</u>	984,105	984,105	712,734
Government grants (Note 11)		362,864	362,864	301,447
Interest income		58,179	58,179	55,293
Net realized/unrealized gain (loss) on investments		(104,655)	(104,655)	(13,838)
Net assets released from restrictions (Note 7)		<u>259,603</u>		
Total revenues and other support		<u>2,655,087</u>	<u>2,590,948</u>	<u>2,198,684</u>
Expenses (Exhibit C)				
Program services				
Support programs and services		813,291	813,291	840,831
Education and outreach programs		<u>704,102</u>	<u>704,102</u>	<u>560,548</u>
Total program services		<u>1,517,393</u>	<u>1,517,393</u>	<u>1,401,379</u>
Support services				
Management and general		157,441	157,441	174,426
Fund raising		<u>143,128</u>	<u>143,128</u>	<u>153,925</u>
Total support services		<u>300,569</u>	<u>300,569</u>	<u>328,351</u>
Total expenses		<u>1,817,962</u>	<u>1,817,962</u>	<u>1,729,730</u>
Change in net assets (Exhibit D)		837,125	772,986	468,954
Net assets - beginning of year		<u>2,903,429</u>	<u>3,124,806</u>	<u>2,655,852</u>
Net assets - end of year (Exhibit A)		<u>\$ 3,740,554</u>	<u>\$ 3,897,792</u>	<u>\$ 3,124,806</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2015
(With Summarized Financial Information
for the Year Ended December 31, 2014)

	2015								2014
	Program Services			Support Services			Direct Costs of Special Events	Total	
	Support Programs and Services	Education and Outreach Programs	Total	Management and General	Fund Raising	Total			
Salaries	\$ 402,008	\$ 410,850	\$ 812,858	\$ 76,504	\$ 66,941	\$ 143,445	\$ 956,303	\$ 1,067,055	
Payroll taxes and employee benefits	53,658	54,837	108,495	10,211	8,935	19,146	127,641	140,626	
Professional fees	37,874	25,249	63,123	13,592		13,592	76,715	25,303	
Insurance	2,292	1,528	3,820	96	309	405	4,225	3,924	
Occupancy (including donated rent of \$1,200) (Note 8)	40,430	26,953	67,383	6,342	5,549	11,891	79,274	66,225	
Telephone and online communications	89,465	59,643	149,108	748	3,632	4,380	153,488	73,539	
Office supplies (including donated supplies of \$750)	17,387	11,591	28,978	12,025	6,617	18,642	47,620	46,206	
Postage, printing and publications	73,630	49,087	122,717	1,467	47,000	48,467	171,184	133,328	
Travel and conferences	35,965	23,977	59,942	383	1,996	2,379	62,321	59,436	
Equipment rental and purchases	8,379	5,585	13,964	1,314	1,150	2,464	16,428	38,534	
Caterer, music and facility rental (including donated services of \$3,898)							\$ 130,662	53,527	
Race gear and registration							40,600	29,602	
Publicity and media	44,800	29,867	74,667				74,667	35,831	
Credit card and investment fees				33,618		33,618	33,618	21,509	
Volunteer expenses	2,655	1,770	4,425	396	347	743	5,168	4,035	
Depreciation	1,326	884	2,210	208	182	390	2,600	2,943	
Miscellaneous	3,422	2,281	5,703	537	470	1,007	6,710	11,236	
Total expenses	813,291	704,102	1,517,393	157,441	143,128	300,569	171,262	1,989,224	
Less expenses deducted directly from revenues on the statement of activities									
Direct costs of special events							(171,262)	(83,129)	
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 813,291	\$ 704,102	\$ 1,517,393	\$ 157,441	\$ 143,128	\$ 300,569	\$ -	\$ 1,817,962	

See independent auditor's report.

The accompanying notes are an integral part of these statements.

SHARSHERET, INC.

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ 772,986	\$ 468,954
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Net realized/unrealized loss on investments	104,655	13,838
Depreciation	2,600	2,943
Decrease (increase) in assets		
Contributions receivable	(9,997)	13,393
Government grant receivable	(4,561)	5,871
Prepaid expenses and other assets	12,610	(3,318)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(28,990)	560
Deferred rent payable	3,925	1,068
Deferred compensation payable	(1,010,419)	236,546
	<u>(157,191)</u>	<u>739,855</u>
Net cash provided (used) by operating activities		
Cash flows from investing activities		
Proceeds from sale of investments	1,095,649	150,000
Purchase of investments	(365,182)	(882,200)
	<u>730,467</u>	<u>(732,200)</u>
Net cash provided (used) by investing activities		
Net change in cash and cash equivalents	573,276	7,655
Cash and cash equivalents - beginning of year	<u>1,649,007</u>	<u>1,641,352</u>
Cash and cash equivalents - end of year	<u>\$ 2,222,283</u>	<u>\$ 1,649,007</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

SHARSHERET, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 1 - NATURE OF ORGANIZATION

Sharsheret, Inc. is a national not-for-profit organization supporting young Jewish women and their families, of all backgrounds, facing breast cancer. Our mission is to offer a community of support to women diagnosed with breast cancer or at increased genetic risk, by fostering culturally relevant individualized connections with networks of peers, health professionals, and related resources. Sharsheret, Inc.'s programs are open to all women and men.

Sharsheret, Inc. is primarily supported by contributions and special events.

Sharsheret, Inc. was incorporated in 2001 as a nonprofit organization and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Sharsheret, Inc. offers the following national programs:

Support Programs and Services:

Peer Support Network, connecting women newly diagnosed or at high risk of developing breast cancer or ovarian cancer one-on-one with others who share similar diagnoses and experiences

Embrace, supporting women living with advanced breast cancer and ovarian cancer

Genetics for Life, addressing hereditary breast cancer and ovarian cancer

Thriving Again, providing individualized support, education, and survivorship navigation for breast cancer survivors

Busy Box, for young parents facing cancer

Best Face Forward, addressing the cosmetic side effects of treatment

Sharsheret Supports, developing local support groups and programs

Family Focus, providing resources and support for caregivers and family members

Ovarian Cancer Program, tailored resources and support for young Jewish women and families facing ovarian cancer

Education and Outreach Programs:

Health Care Symposia, on issues unique to younger women facing breast cancer and ovarian cancer

Sharsheret on Campus, outreach to students on campus

Sharsheret Educational Resource Booklet Series, culturally relevant publications for Jewish women, their families, and health care professionals

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SHARSHERET, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2015****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of accounting - The financial statements are prepared on the accrual basis of accounting.

Summarized financial information - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Sharsheret, Inc.'s financial statements for the year ended December 31, 2014, from which the summarized information was derived.

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

Cash and cash equivalents - Cash equivalents include certain instruments with original maturities, when acquired, of three months or less.

Certificates of deposit - Certificates of deposit have maturity dates of more than three months and are considered investments for purposes of cash flow reporting.

Investments - Investments are recorded at fair value. Sharsheret, Inc. invests in various investment securities. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of the investments will occur in the near term, based on the markets' fluctuations, and that such changes could materially affect the amounts reported in Sharsheret, Inc.'s financial statements.

Fair Value Measurements

Fair Value Measurements establishes a framework for measuring fair value. The 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). The three levels of the fair value hierarchy are described below. Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Sharsheret, Inc. has the ability to access. Level 2 inputs to the valuation methodology include:

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SHARSHERET, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2015****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****Fair Value Measurements (continued)***

- 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 asset 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, the 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. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any 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.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015 as compared to December 31, 2014.

Exchange traded funds (ETF) and closed end funds - Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds - Valued at the net asset value ("NAV") of shares held at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Sharsheret, Inc. believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

See Note 3 for the table that sets forth by level, within the fair value hierarchy, the assets at fair value as of December 31, 2015.

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SHARSHERET, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2015****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Contributions receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Government grant receivable/revenue - Revenues from government agencies are recognized when earned. Expense-based grants are recognized as allowable expenses are incurred. Performance-based grants are recognized as milestones are achieved.

Allowance for doubtful accounts - Sharsheret, Inc. determines whether an allowance for uncollectibles should be provided for contributions and government grants receivable. Such estimates are based on management's assessment of the aged basis of its contributions, current economic conditions, subsequent collections and historical information. Contributions and government grants receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Interest is not charged on outstanding receivables. As of December 31, 2015, no allowance for doubtful accounts was deemed necessary.

Fixed assets - Fixed assets are recorded at cost. Depreciation is recorded on the straight-line method over their estimated useful lives. Items with a cost in excess of \$3,000 and an estimated useful life of greater than one year are capitalized.

Unrestricted net assets - Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors. In addition, resources which are set aside by the board for future use are unrestricted.

Temporarily restricted net assets - Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose.

Contributions - Unconditional contributions, including promises to give cash and other assets, are reported at fair value 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.

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SHARSHERET, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In-kind contributions - In-kind contributions are recognized at fair value at the date of donation.

Rent expense - Rent is recorded on the straight-line basis over the term of the lease. Deferred rent represents the difference between fixed payments and the rent expense.

Advertising - Advertising costs are expensed as incurred.

Functional allocation - The costs of providing Sharsheret, Inc.'s programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and support services benefited.

Uncertainty in income taxes - Sharsheret, Inc. has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending December 31, 2012 and subsequent remain subject to examination by applicable taxing authorities.

Subsequent events - Subsequent events have been evaluated through November 3, 2016, which is the date the financial statements were available to be issued.

NOTE 3 - INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the assets at fair value as of December 31, 2015:

	<u>Level 1</u>
Mutual funds	
Fixed income	\$ 803,111
Equity - domestic	242,240
Equity - international	121,749
Closed end fund	
Equity securities of master limited partnerships	78,647
Exchange traded funds (ETF)	
Equity - domestic	<u>326,532</u>
Total investments reported on the fair value hierarchy	1,572,279
Cash	<u>8,154</u>
Total investments	<u>\$ 1,580,433</u>

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SHARSHERET, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2015****NOTE 4 - FIXED ASSETS**

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Useful Lives</u>
Furniture and fixtures	\$ <u>38,372</u>	\$ <u>33,922</u>	\$ <u>4,450</u>	3 - 10 years

NOTE 5 - DEFERRED COMPENSATION PAYABLE

Sharsheret, Inc. established a deferred compensation agreement for executives selected by the Board of Directors. The funds were maintained in segregated investment accounts and were payable under the terms of the agreement. In 2015, the balance was paid out.

NOTE 6 - CONTRIBUTIONS RECEIVABLE

Sharsheret, Inc. received unconditional promises to give. Contributions receivable are due as follows:

2016	\$ <u>73,036</u>
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NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Support programs and services	\$ 145,258
Education and outreach programs	<u>11,980</u>
	\$ <u>157,238</u>

During 2015, temporarily restricted net assets were released from restrictions for the following:

Support programs and services	\$ 126,219
Education and outreach programs	<u>133,384</u>
	\$ <u>259,603</u>

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SHARSHERET, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2015****NOTE 8 - OCCUPANCY COSTS**

Sharsheret, Inc. entered into a lease for office space in New Jersey. The lease expires May 31, 2019. Minimum future payments under the terms of the lease are as follows:

2016	\$	69,750
2017		71,300
2018		71,300
2019		<u>29,708</u>
Total	\$	<u>242,058</u>

In June 2013, Sharsheret, Inc. opened a second office in Florida. The lease is on a month-to-month basis. Rent in 2015 was \$400 per month.

Rent expense for 2015 was \$73,825.

NOTE 9 - CONCENTRATIONS

Financial instruments which potentially subject Sharsheret, Inc. to a concentration of credit risk are cash accounts with financial institutions in excess of the FDIC insurance limit (\$250,000).

NOTE 10 - IN-KIND CONTRIBUTIONS

Sharsheret, Inc. received donated program supplies, rent, and services in 2015. The fair value of these donations was \$5,848 in 2015.

NOTE 11 - GOVERNMENT GRANT

In 2014, Sharsheret, Inc. entered into a cooperative agreement with the Centers for Disease Control and Prevention to enhance and sustain structured support services for Jewish young women facing breast cancer. The grant is for \$1,750,000 over five years. In 2015, Sharsheret, Inc. recognized \$362,864.