

NATIONAL BREAST CANCER FOUNDATION, INC.

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT
THEREON

THE YEAR ENDED JUNE 30, 2009

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
National Breast Cancer Foundation, Inc.
Frisco, Texas

We have audited the accompanying statements of financial position of National Breast Cancer Foundation, Inc. (a nonprofit organization) as of June 30, 2009 and 2008 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 audit. The prior year summarized comparative information has been derived from the Organization's 2008 financial statements, and in our report dated September 2, 2008 expressed an unqualified opinion on those statements.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. 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 National Breast Cancer Foundation, Inc. as of June 30, 2009 and 2008, and the change 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.

THE MB Group, LLC

Plano, Texas
August 31, 2009

NATIONAL BREAST CANCER FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2009

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2008)

| ASSETS | <u>2009</u> | <u>2008</u> |
|--|-------------------------|-------------------------|
| Cash and cash equivalents | \$ 2,840,757 | \$ 695,705 |
| Investments | 659,679 | 1,673,421 |
| Prepaid expenses and other assets | 55,798 | 59,277 |
| Royalties receivable | 1,654,243 | 1,383,229 |
| Other receivables | 38,504 | 46,911 |
| Property and equipment, net | 474,021 | 456,137 |
| Total Assets | <u>\$ 5,723,002</u> | <u>\$ 4,314,680</u> |
| LIABILITIES AND NET ASSETS | | |
| Accounts payable and other liabilities | \$ 78,809 | \$ 73,298 |
| Notes payable | 26,063 | 31,401 |
| Total Liabilities | <u>104,872</u> | <u>104,699</u> |
| Commitments and contingencies (Note 6) | | |
| Net Assets- | | |
| Unrestricted | <u>5,618,130</u> | <u>4,209,981</u> |
| Total Liabilities and Net Assets | <u>\$ 5,723,002</u> | <u>\$ 4,314,680</u> |

The accompanying notes to financial statements are an integral part of these financial statements.

NATIONAL BREAST CANCER FOUNDATION, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

| | Unrestricted | Totals | |
|-----------------------------------|---------------------|---------------------|---------------------|
| | | 2009 | 2008 |
| Revenue and Other Support: | | | |
| Contributions | \$ 8,225,984 | \$ 8,225,984 | \$ 7,141,274 |
| In-kind contributions | 826,502 | 826,502 | - |
| Miscellaneous income | 208 | 208 | 818 |
| Investment income | 71,740 | 71,740 | 112,484 |
| Realized investment gain (loss) | (830,067) | (830,067) | (18,154) |
| Unrealized investment gain (loss) | 113,071 | 113,071 | (97,338) |
| Total Revenue and Other Support | <u>8,407,438</u> | <u>8,407,438</u> | <u>7,139,084</u> |
| Expenses: | | | |
| Program services | \$ 5,550,549 | \$ 5,550,549 | \$ 5,129,374 |
| Management and general | 691,355 | 691,355 | 757,671 |
| Fund raising | 736,227 | 736,227 | 533,263 |
| Total Expenses | <u>6,978,131</u> | <u>6,978,131</u> | <u>6,420,308</u> |
| Loss on the sale of equipment | 21,158 | 21,158 | - |
| Total Expenses and Losses | <u>6,999,289</u> | <u>6,999,289</u> | <u>6,420,308</u> |
| Change in net assets | 1,408,149 | 1,408,149 | 718,776 |
| Net assets at beginning of year | <u>4,209,981</u> | <u>4,209,981</u> | <u>3,491,205</u> |
| Net assets at end of year | <u>\$ 5,618,130</u> | <u>\$ 5,618,130</u> | <u>\$ 4,209,981</u> |

The accompanying notes to financial statements are an integral part of these financial statements.

NATIONAL BREAST CANCER FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2009

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

| | Program Services | Management and General | Fund Raising | Totals | |
|---------------------------|---------------------|---------------------------|-------------------|---------------------|---------------------|
| | | | | 2009 | 2008 |
| Breast cancer research | \$ 475,000 | \$ - | \$ - | \$ 475,000 | \$ 450,000 |
| Mammograms | 1,860,061 | - | - | 1,860,061 | 3,005,000 |
| Payroll related expense | 574,498 | 268,254 | 196,025 | 1,038,777 | 772,582 |
| Retirement expense | 97,338 | 43,897 | 30,441 | 171,676 | 124,872 |
| Educational programs | 1,775,057 | - | - | 1,775,057 | 595,902 |
| Professional fees | 243,555 | 68,668 | 117,343 | 429,566 | 386,912 |
| Travel | 70,667 | 9,466 | 29,104 | 109,237 | 150,062 |
| Computer/website | 294 | 23 | 25,187 | 25,504 | 23,443 |
| Occupancy | 99,750 | 95,389 | 47,936 | 243,075 | 205,825 |
| Printing | 29,232 | 730 | 12,752 | 42,714 | 19,261 |
| Depreciation/Amortization | 92,441 | 34,513 | 23,608 | 150,562 | 93,314 |
| Event expense | 173 | - | - | 173 | 5,000 |
| Telephone | 22,833 | 29 | 7,848 | 30,710 | 32,160 |
| Marketing | 8,438 | 12,498 | 132,038 | 152,974 | 170,506 |
| Licensing/Management fees | 2,091 | 1,843 | 9,606 | 13,540 | 15,798 |
| Postage/shipping | 6,639 | 3,863 | 9,447 | 19,949 | 16,328 |
| Equipment rental | 80 | 1,168 | 1,081 | 2,329 | 3,934 |
| Repair and maintenance | 505 | 3,724 | 267 | 4,496 | 2,746 |
| Insurance | 106,827 | 55,195 | 45,439 | 207,461 | 161,345 |
| Office supplies | 9,608 | 15,362 | 4,388 | 29,358 | 22,223 |
| Bank charges | - | 10,292 | 11,663 | 21,955 | 31,182 |
| Office expense | 24,419 | 9,158 | 7,081 | 40,658 | 13,603 |
| Seminars | 13,434 | 5,708 | 12,323 | 31,465 | 28,821 |
| Interest expense | 840 | 815 | 815 | 2,470 | 2,933 |
| Contract labor | 36,769 | 50,760 | 11,835 | 99,364 | 86,556 |
| Totals | <u>\$ 5,550,549</u> | <u>\$ 691,355</u> | <u>\$ 736,227</u> | <u>\$ 6,978,131</u> | <u>\$ 6,420,308</u> |

The accompanying notes to financial statements are an integral part of these financial statements.

NATIONAL BREAST CANCER FOUNDATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2009

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

| | <u>2009</u> | <u>2008</u> |
|--|---------------------|--------------------|
| Cash Flows from Operating Activities: | | |
| Change in net assets | \$ 1,408,149 | \$ 718,776 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 150,562 | 93,314 |
| Realized investment (gain) loss | 830,067 | 18,154 |
| Unrealized investment (gain) loss | (113,071) | 97,338 |
| Loss on sale of equipment | 21,158 | - |
| Deferred rent amortization | (3,319) | - |
| (Increase) decrease in: | | |
| Prepaid expenses and other assets | 3,479 | 10,485 |
| Royalties receivable | (271,014) | (416,617) |
| Other receivables | 8,407 | 39,190 |
| Increase (decrease) in: | | |
| Accounts payable and other liabilities | (44,636) | 6,234 |
| Net cash provided by operating activities | <u>1,989,782</u> | <u>566,874</u> |
| Cash Flows from Investing Activities: | | |
| Purchases of property and equipment | (138,543) | (100,387) |
| Proceeds from sale of equipment | 2,405 | - |
| Proceeds from sale of investments | 1,214,095 | 1,717,584 |
| Purchases of investments | (917,349) | (3,506,497) |
| Net cash provided by (used in) investing activities | <u>160,608</u> | <u>(1,889,300)</u> |
| Cash Flows from Financing Activities- | | |
| Principal payments on note payable | <u>(5,338)</u> | <u>(4,875)</u> |
| Net increase (decrease) in cash and cash equivalents | 2,145,052 | (1,327,301) |
| Cash and Cash Equivalents at Beginning of Year | <u>695,705</u> | <u>2,023,006</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ 2,840,757</u> | <u>\$ 695,705</u> |
| Supplemental Disclosures of Cash Flow Information: | | |
| Cash paid for interest | <u>\$ 2,470</u> | <u>\$ 2,933</u> |
| Supplemental Disclosure of Non-cash Financing and Investing Activities: | | |
| Leasehold improvements from operating lease | <u>\$ 53,466</u> | <u>\$ -</u> |

The accompanying notes to financial statements are an integral part of these financial statements.

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NATIONAL BREAST CANCER FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 1 – BACKGROUND AND SUMMARY OF ACCOUNTING POLICIES

Background

The National Breast Cancer Foundation, Inc. (“NBCF” or the “Organization”) was incorporated April 25, 1991 as a Texas nonprofit corporation to save lives through early detection and to provide mammograms for those in need. The Organization’s mission includes increasing awareness through education, providing diagnostic breast care services for those in need, and providing nurturing support services.

Basis of Accounting

The accounting policies of NBCF conform to accounting principles generally accepted in the United States of America. The financial statements of NBCF were prepared using the accrual basis of accounting. Material amounts of goods and services are recorded as assets or expenses at the time the liabilities arise, which is normally when title to the goods pass or when the services are received. Encumbrances representing outstanding purchase orders and other commitments for materials or services not yet received are not liabilities as of the reporting date.

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 certain reported amounts and the accompanying notes. Accordingly, actual results could differ from those estimates.

Basis of Presentation

In order to comply with accounting principles generally accepted in the United States of America, NBCF must prepare its external financial statements in accordance with statements issued by the Financial Accounting Standards Board. The Board issued Statement of Financial Accounting Standards No. 117, “*Financial Statements of Not-for-Profit Organizations*,” which requires that all not-for-profit organizations provide a statement of financial position, a statement of activities, and a statement of cash flows. It requires reporting amounts for NBCF's total assets, liabilities, and net assets in a statement of financial position; reporting the change in NBCF's net assets in a statement of activities; and reporting the change in its cash and cash equivalents in a statement of cash flows.

This Statement also requires classification of NBCF's net assets and its revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets – permanently restricted, temporarily restricted, and unrestricted – be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities. NBCF does not have any temporarily or permanently restricted net assets.

Comparative 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 the Organization's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

NATIONAL BREAST CANCER FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 1 – BACKGROUND AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purpose of the statement of cash flows, cash equivalents consist of bank deposits and certificates of deposits due within one year.

Investments

Investments in marketable securities are stated at fair value. Realized and unrealized gains and losses, as well as related investment income, are reflected in the statement of activities.

Royalties Receivable

All royalty receivables are expected to be collected in a term of less than one year. Based on management's assessment of collectability no allowance for doubtful accounts has been recorded as of June 30, 2009.

Property and Equipment

Property and equipment are recorded at acquisition cost. The Organization capitalizes assets with a cost greater than \$500. Betterments and renewals are capitalized. Maintenance and repairs are charged to operations when incurred. Depreciation and amortization of capitalized assets is computed using the straight-line method over the estimated useful lives ranging from 3 to 10 years.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Deferred Rent

The Organization has entered into an operating lease agreement for its corporate office, which contains a provision for future rent increases and tenant improvement allowances. In accordance with generally accepted accounting principles, the Organization records monthly rent expense equal to the total of the payments due over the lease term, divided by the number of months of the lease term. The difference between rent expense recorded and the amount paid is credited or charged to "Deferred Rent" which is reflected in the balance of other liabilities in the accompanying statement of financial position. Deferred rent at June 30, 2009 and 2008 was \$50,147 and \$-0-, respectively.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

NATIONAL BREAST CANCER FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 1 – BACKGROUND AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fund raising activity.

The Organization reports gifts of cash and other assets as 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 to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

In-Kind Contributions

Volunteers, business firms, and others contribute substantial amounts of services, educational materials and other items toward the fulfillment of programs initiated by NBCF. To the extent that noncash contributions which are under the control of NBCF, are objectively measurable and represent program or support expenses which would be otherwise incurred, they are reflected as "In-Kind" contributions and expense of the accompanying financial statements. Contributions are stated at their estimated value at date of receipt.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

Advertising costs are expensed as incurred. During the year ended June 30, 2009, the Organization had no advertising costs.

Income Taxes

NBCF is a not-for-profit organization that is approved as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, except to the extent of any unrelated business income. The Organization did not recognize any unrelated business income in the year ended June 30, 2009.

Fair value measurements

In September 2006, the FASB issued SFAS No. 157, "*Fair Value Measurements.*" As of January 1, 2008, the Organization has adopted SFAS 157, which among other things requires enhanced disclosures about investments that are measured and reported at fair value. SFAS 157 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

NATIONAL BREAST CANCER FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 1 – BACKGROUND AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Fair value measurements (continued)

Investments measured and reported at fair value are classified and disclosed in one of the following categories.

Level I – Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments reported in Level I include listed equities, options and corporate bonds. As required by SFAS 157, the Organization does not adjust the quoted prices for these investments, even in situations where the Organization holds a large position and sale could reasonably impact the quoted price.

Level II – Pricing inputs include other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are reported in this category generally include securities such as less liquid and restricted equity securities and certain over-the-counter derivatives.

Level III – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are reported in this category generally include securities such as private equity investments, private limited partnership interests, long-term over-the-counter options, certain over-the-counter derivatives and certain bonds for which there is not an actively trading market.

In certain cases, the inputs used to measure fair value may fall into different levels of fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the level of input with the least amount of market observability that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2009 consist of the following:

| | <u>2009</u> |
|---|---------------------|
| Cash in bank | \$ 2,282,217 |
| Certificates of deposit due within one year | 556,109 |
| Undeposited funds | 2,431 |
| | <u>\$ 2,840,757</u> |

NATIONAL BREAST CANCER FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 3 – INVESTMENTS

Investments are carried at fair value. Realized and unrealized gains and losses are reflected in the statement of activities. The following investments, all of which are valued as Level I investments as defined by the above SFAS 157 fair value hierarchy, were held at June 30, 2009:

Investments

| | Cost | Fair Value |
|-------------------|-------------------|-------------------|
| Mutual Funds | \$ 476,775 | \$ 483,915 |
| Other investments | 171,403 | 175,764 |
| | <u>\$ 648,178</u> | <u>\$ 659,679</u> |

NOTE 4 –PROPERTY AND EQUIPMENT

The following is a summary of property and equipment for the fiscal year ended June 30, 2009:

| | |
|--|-------------------|
| Furniture and Equipment | \$ 146,824 |
| Software | 77,877 |
| Automobile | 40,732 |
| Leasehold Improvements | 229,066 |
| Computer Equipment | 251,548 |
| Office Equipment | 76,609 |
| | <u>822,656</u> |
| Less accumulated depreciation and amortization | (348,635) |
| Total Property and Equipment, Net | <u>\$ 474,021</u> |

Depreciation and amortization expense for the year ended June 30, 2009 was \$150,562.

NOTE 5 – NOTES PAYABLE

The Organization has one note payable to a financial institution with a balance of \$26,063 at June 30, 2009. The note is due in monthly installments of principal and interest of \$651 at an interest rate of 8.5 percent. The note matures in July of 2010 with a lump sum payment of \$20,303 due upon maturity and is secured by the Organization's vehicle.

Scheduled maturities of notes payable for the next five fiscal years ended are as follows: 2010 - \$5,760; 2011 - \$20,303; and thereafter - \$0.

NATIONAL BREAST CANCER FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 6 – LEASE COMMITMENTS

NBCF entered into a sixty-five month lease agreement, effective February 10, 2006, with Hall Financial Group Ltd. to lease corporate offices. During the fiscal year ended June 30, 2009, the Organization entered into an agreement with its current Lessor to expand its lease space and extend the term of the lease. The original lease term was modified to extend the lease an additional 25 months commencing on December 1, 2011. The monthly lease payments are \$15,303 plus common area maintenance for the period from July 1, 2008 to December 31, 2008; \$19,429 plus common area maintenance for the period January 1, 2009 to December 31, 2011; and \$20,274 plus common area maintenance for the period January 1, 2012 to December 31, 2013. NBCF has a five year option to renew at the prevailing market rates at the end of the lease term.

NBCF entered into a forty-three month lease agreement for a Xerox copier, effective June 30, 2006. The basic monthly charge is \$164 with a final payment of \$1,221.

Total rent expense for office and equipment leases for the year ended June 30, 2009 was approximately \$220,000.

Future minimum lease payments of office space and equipment rental for the next five fiscal years ended June 30 are as follows:

| | | |
|------------------------------|----|-------------------------|
| 2010 | \$ | 234,302 |
| 2011 | | 233,151 |
| 2012 | | 238,220 |
| 2013 | | 243,288 |
| 2014 | | 121,644 |
| Thereafter | | <u>-</u> |
| Total minimum lease payments | \$ | <u><u>1,070,605</u></u> |

NOTE 7 – RETIREMENT PROGRAM

NBCF sponsors a variable deferred compensation plan which is administered by a national insurance company. The plan was originally established to allow for an employer contribution of twenty-five percent of total employee compensation with certain limits. In December 2006, the employer contributions were reduced to twenty-one percent of total employee compensation, and the Organization added a 401(k) plan with an employer match of employee contributions not to exceed four percent of the employee's annual compensation. Total retirement program expense for the fiscal year ended June 30, 2009 was \$171,676.

NATIONAL BREAST CANCER FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 8 – CONCENTRATION AND CREDIT RISK

The Organization derives the majority of its revenue from contributions from contributors primarily in the United States of America. Continued funding from these sources at current levels is dependent upon various factors. Such factors include economic conditions, compliance with donor stipulations and satisfaction, and public perception of mission effectiveness and relative importance.

Financial instruments which potentially subject the Organization to concentrations of credit risks consist primarily of cash and cash equivalents and royalties receivable. The organization monitors levels of federally insured cash deposits in various financial institutions. However in the course of operations, cash deposits may from time to time exceed federally insured limits. As of June 30, 2009, no cash balances exceeded federally insured limits.

Two sponsors accounted for approximately 70% of total royalties receivable as of June 30, 2009. For the year ended June 30, 2009, one donor accounted for approximately 11% of revenue.

NOTE 9 –RELATED PARTY TRANSACTIONS

During the year ended June 30, 2009, an organization for which a member of the Board of Directors is an officer contributed approximately \$460,000 to NBCF.

During the year ended June 30, 2009, NBCF contributed approximately \$175,000 to a hospital for which a member of the Board of Directors is an officer and recorded the contributions as program expenses in the accompanying statement of activities.

The Chief Executive Officer, Senior Consultant, Chief Operating Officer and Vice President of Operations for NBCF are related. Management believes the terms of the related party transactions for employment are more favorable to NBCF than could be attained from non-affiliated parties.