

# **American Brain Tumor Association**

## **Financial Statements and Independent Auditors' Report**

**June 30, 2014 and 2013**

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# MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
American Brain Tumor Association  
Chicago, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the American Brain Tumor Association (the "ABTA") which comprise the statements of financial position, as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

(Continued)

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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the ABTA, as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information on pages 23 to 24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

MILLER, COOPER & CO., LTD.



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Certified Public Accountants

Deerfield, Illinois  
October 22, 2014

## **FINANCIAL STATEMENTS**

**American Brain Tumor Association**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2014 and 2013

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<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,083,136	\$ 745,186
Restricted cash equivalents	238,426	238,308
Investments	2,300,735	2,082,839
Receivables		
Grants	10,000	2,500
Other	48,717	70,899
Inventory	26,868	35,480
Prepays and deposits	76,499	80,850
	<hr/>	<hr/>
Total current assets	3,784,381	3,256,062
	<hr/>	<hr/>
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$197,044 in 2014 and \$145,335 in 2013	286,865	293,775
	<hr/>	<hr/>
<b>OTHER ASSETS</b>		
Receivables, grants	10,000	-
Security deposits	12,225	17,425
	<hr/>	<hr/>
Total other assets	22,225	17,425
	<hr/>	<hr/>
	\$ 4,093,471	\$ 3,567,262
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The accompanying notes are an integral part of these statements.

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<u>LIABILITIES AND NET ASSETS</u>	<u>2014</u>	<u>2013</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 165,534	\$ 89,790
Accrued expenses	65,845	34,925
Agency funds payable	-	37,486
Grants payable	60,000	80,000
Current portion of deferred rent	34,069	31,586
Unearned revenues	<u>151,839</u>	<u>163,859</u>
Total current liabilities	<u>477,287</u>	<u>437,646</u>
<b>DEFERRED RENT, NET OF CURRENT PORTION</b>	<u>252,286</u>	<u>286,353</u>
<b>NET ASSETS</b>		
Unrestricted	2,960,605	2,332,133
Temporarily restricted	<u>403,293</u>	<u>511,130</u>
	<u>3,363,898</u>	<u>2,843,263</u>
	<u>\$ 4,093,471</u>	<u>\$ 3,567,262</u>

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**American Brain Tumor Association**  
**STATEMENTS OF ACTIVITIES**  
Years Ended June 30, 2014 and 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenues</b>						
Contributions	\$ 1,452,785	\$ 828,695	\$ 2,281,480	\$ 1,116,094	\$ 815,994	\$ 1,932,088
Donated services	87,000	-	87,000	55,000	-	55,000
Contributions from fundraising activities	2,149,401	-	2,149,401	1,866,727	-	1,866,727
Fundraising activities, net of direct costs of \$481,170 in 2014 and \$360,201 in 2013	283,243	-	283,243	194,080	-	194,080
Inventory sales, net of cost of goods sold of \$24,451 in 2014 and \$35,495 in 2013	14,515	-	14,515	(6,941)	-	(6,941)
Interest income	61,503	-	61,503	73,099	-	73,099
Net realized and change in unrealized gains on investments	279,838	-	279,838	125,217	-	125,217
Other income	45,064	-	45,064	49,638	-	49,638
Net assets released from restrictions	936,532	(936,532)	-	1,110,631	(1,110,631)	-
<b>Total revenues</b>	<b>5,309,881</b>	<b>(107,837)</b>	<b>5,202,044</b>	<b>4,583,545</b>	<b>(294,637)</b>	<b>4,288,908</b>
<b>Expenses</b>						
Program services	3,521,443	-	3,521,443	3,407,165	-	3,407,165
Fundraising	944,234	-	944,234	804,261	-	804,261
Management and general	215,732	-	215,732	230,679	-	230,679
<b>Total expenses</b>	<b>4,681,409</b>	<b>-</b>	<b>4,681,409</b>	<b>4,442,105</b>	<b>-</b>	<b>4,442,105</b>
<b>CHANGE IN NET ASSETS</b>	<b>628,472</b>	<b>(107,837)</b>	<b>520,635</b>	<b>141,440</b>	<b>(294,637)</b>	<b>(153,197)</b>
Net assets, beginning of year	2,332,133	511,130	2,843,263	2,190,693	805,767	2,996,460
Net assets, end of year	<u>\$ 2,960,605</u>	<u>\$ 403,293</u>	<u>\$ 3,363,898</u>	<u>\$ 2,332,133</u>	<u>\$ 511,130</u>	<u>\$ 2,843,263</u>

The accompanying notes are an integral part of these statements.



**American Brain Tumor Association**  
**STATEMENTS OF CASH FLOWS**  
Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets	\$ 520,635	\$ (153,197)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	52,549	56,228
Deferred rent	42,046	42,048
Net realized and change in unrealized gains on investments	(279,838)	(125,217)
(Increase) decrease in assets		
Restricted cash equivalents	(118)	4,013
Grants receivable	(17,500)	247,172
Other receivables	22,182	(61,089)
Inventory	8,612	(16,461)
Prepays and deposits	4,351	(16,068)
Security deposits	5,200	1,282
Increase (decrease) in liabilities		
Accounts payable	75,744	41,172
Accrued expenses	30,920	9,147
Agency funds payable	(37,486)	37,486
Grants payable	(20,000)	13,834
Deferred rent	(73,630)	(53,421)
Unearned revenues	(12,020)	(1,995)
Net cash provided by operating activities	<u>321,647</u>	<u>24,934</u>
Cash flows from investing activities		
Sales of investments	819,851	200,130
Purchases of investments	(757,909)	(133,703)
Purchases of property and equipment	(45,639)	(8,255)
Net cash provided by investing activities	<u>16,303</u>	<u>58,172</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	337,950	83,106
Cash and cash equivalents, beginning of year	<u>745,186</u>	<u>662,080</u>
Cash and cash equivalents, end of year	<u>\$ 1,083,136</u>	<u>\$ 745,186</u>

The accompanying notes are an integral part of these statements.

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014 and 2013

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NOTE A - NATURE OF ASSOCIATION

The American Brain Tumor Association (the "ABTA"), a not-for-profit association, is a national independent organization dedicated to funding brain tumor research and providing patient services and education. The ABTA solicits contributions and grants from individuals, trusts, corporations, and other not-for-profit organizations throughout the United States of America.

In order to attain the above stated goals, the ABTA awards basic research fellowships and translational and project grants based on the recommendations of its distinguished Scientific Advisory Council. The ABTA provides patient services, including educational literature that explains relevant medical terms, basic information about the brain and brain tumors and treatment options.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The financial statements of the ABTA have been prepared on the accrual basis of accounting, which recognizes revenue when earned and expenses when incurred.

2. Cash Equivalents

For purposes of the statement of cash flows, the ABTA considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents.

3. Restricted Cash Equivalents

The restricted cash equivalents balances of \$238,426 and \$238,308, as of June 30, 2014 and 2013, respectively, consist of contributions that are restricted for research and are required by the donors to be deposited in separate bank accounts. These funds are invested in money market funds and are included in temporarily restricted net assets (see Note I).

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014 and 2013

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Investments

Investments consist of fixed income and equity securities and mutual funds that are primarily stated at fair values using quoted prices in active markets in the statements of financial position. Interest and dividends earned and realized and unrealized gains and losses on investments are included in operating revenues in the accompanying statements of activities.

5. Grants and Other Receivables

Grants and other receivables, which include unconditional promises to give, are measured at their fair values and are reported as increases in net assets and receivables if not yet received. Management deems all receivables to be fully collectible.

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 over periods in excess of one year are recorded at the present value of the estimated cash flows beyond one year. 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.

6. Inventory

Inventory consists of educational publications and clothing and is valued at the lower of cost (weighted average cost method) or market.

7. Property and Equipment

Property and equipment is stated at cost if purchased, and at fair value if contributed. Depreciation is provided on a straight-line basis over the estimated useful lives of three to fifteen years.

Leasehold improvements are amortized over the shorter of its lease term or useful life.

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014 and 2013

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Revenue Recognition

*Contributions*

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are designated for future periods, or restricted by the donor for specific purposes, are reported as increases in temporarily or permanently restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is fulfilled), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. At June 30, 2014 and 2013, there were no permanently restricted net assets.

*Fundraising Activities*

Sponsorships, registration fees, and other revenues received from ABTA and non-ABTA sponsored events are included in the statements of activities as fundraising activities and are presented as net against the related fundraising activity expenses.

9. Advertising

The ABTA expenses advertising costs as incurred. Total advertising expense was \$30,117 and \$14,224 for the years ended June 30, 2014 and 2013, respectively.

10. Tax Status

The ABTA is exempt from income taxes under 501(c)(3) of the Internal Revenue Code. The ABTA also has no taxable unrelated business income.

Accounting principles generally accepted in the United States of American (GAAP) requires management to evaluate tax positions by the ABTA and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities.

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014 and 2013

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Tax Status (Continued)

Management has analyzed the tax position taken by the ABTA, and has concluded that as of June 30, 2014 and 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The ABTA is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations prior to 2011.

11. Donated Services

The ABTA recognizes the estimated fair value of donated services as both revenue and expense if either (a) a nonfinancial asset is created or enhanced or (b) the ABTA would have more likely than not purchased the service if not otherwise provided. In 2014 and 2013, donated service revenues of \$87,000 and \$55,000, respectively, were recognized as donated services in the accompanying statements of activities related to the creation of internal policies and strategies regarding the Board of Directors as well as website enhancements. These services were valued at the fair value of the services provided if they had been purchased.

The ABTA also receives donated services from a variety of unpaid volunteers assisting with fundraising activities. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer efforts under applicable accounting literature have not been satisfied.

12. Grants Payable

Grants payable represent unconditional promises to give cash and are recorded as liabilities when they are authorized by the Board of Directors. Grants that are payable in one year or less are recorded at their net settlement value. Grants that are payable in greater than one year are recorded at fair value using the net present value of their corresponding future cash flows. Discounts on grants payable, based on risk-adjusted interest rates, are amortized over the term of those grants and are recorded as grant expense and included in program expenses in the accompanying statements of activities.

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014 and 2013

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

14. Fair Value of Financial Instruments

The ABTA adopted the accounting standard that 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 under the accounting standard are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the ABTA has the ability to access.
- Level 2 Inputs to the valuation methodology include the following:
  - \* 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.

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014 and 2013

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Fair Value of Financial Instruments (Continued)

The asset's 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 the ABTA's financial instruments measured at fair value. There have been no changes in the methodologies used at June 30, 2014 and 2013.

*Cash and cash equivalents, other receivables, accounts payable, accrued expenses, and unearned revenues:* Approximate fair value due to the nature or short maturity of these instruments.

*Grants receivable and grants payable:* Approximate fair value because the interest rate used to calculate the discounts is based on current market rates on similar financing arrangements.

*Equities and mutual funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Corporate and municipal bonds:* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

*Asset-backed securities:* Valued at fair value using discounted cash flow models and inputs related to interest rates, prepayment speeds, loss curves and market discount rates that would be required by investors in the current market given the specific characteristics and inherent credit risk of underlying collateral.

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 the ABTA believes that 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.

**American Brain Tumor Association**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2014 and 2013

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**14. Fair Value of Financial Instruments (Continued)**

The following tables set forth by level, within the fair value hierarchy, the ABTA's investments at fair value as of June 30, 2014 and 2013.

Plan Investments at Fair Value as of June 30, 2014				
	Level 1	Level 2	Level 3	Total
Fixed income				
Corporate bonds	\$ -	\$ 76,289	\$ -	\$ 76,289
Municipal bonds	-	50,485	-	50,485
Asset-backed securities	-	7,541	-	7,541
Equities	1,143,695	-	-	1,143,695
Mutual funds	1,022,725	-	-	1,022,725
Investments, at fair value	\$ 2,166,420	\$ 134,315	\$ -	\$ 2,300,735

Plan Investments at Fair Value as of June 30, 2013				
	Level 1	Level 2	Level 3	Total
Fixed income				
Corporate bonds	\$ -	\$ 77,598	\$ -	\$ 77,598
Municipal bonds	-	52,495	-	52,495
Asset-backed securities	-	10,015	-	10,015
Equities	971,983	-	-	971,983
Mutual funds	970,748	-	-	970,748
Investments, at fair value	\$ 1,942,731	\$ 140,108	\$ -	\$ 2,082,839

It is the ABTA's policy, in general, to measure nonfinancial assets and liabilities at fair value on a nonrecurring basis. These items are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances (such as evidence of impairment) which, if material, are disclosed in the accompanying notes to the financial statements.



**American Brain Tumor Association**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2014 and 2013

**NOTE C - INVESTMENTS**

Investments consisted of the following as of June 30, 2014 and 2013:

	<u>2014</u>		<u>2013</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Fixed income				
Corporate bonds	\$ 69,329	\$ 76,289	\$ 75,238	\$ 77,598
Municipal bonds	55,681	50,485	56,482	52,495
Asset-backed securities	7,107	7,541	9,639	10,015
Equities	878,515	1,143,695	609,893	971,983
Mutual funds	903,767	1,022,725	898,708	970,748
	<u>\$ 1,914,399</u>	<u>\$ 2,300,735</u>	<u>\$ 1,649,960</u>	<u>\$ 2,082,839</u>

At June 30, 2014 and 2013, \$31,610 and \$30,024 of cash and cash equivalents were included in the investment brokerage account, respectively.

At June 30, 2014, fixed income investments mature in the following years:

2015	\$ 5,338
2016	-
2017	-
2018	57,447
2019	-
Thereafter	<u>71,530</u>
	<u>\$ 134,315</u>

Investments are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with such investments, it is at least reasonably possible that changes in risks in the near-term would affect investment balances and the amounts reported in the financial statements.

**American Brain Tumor Association**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2014 and 2013

**NOTE D - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of June 30, 2014 and 2013:

	2014	2013
Furniture and fixtures	\$ 94,465	\$ 92,911
Computer software and equipment	141,259	100,447
Leasehold improvements	248,185	245,752
	483,909	439,110
Less accumulated depreciation	197,044	145,335
Property and equipment, net	\$ 286,865	\$ 293,775

**NOTE E - GRANTS RECEIVABLE**

In 2014, the ABTA was awarded a \$30,000 grant to fund the Patient & Family Conferences. In 2014, \$30,000 was recorded in temporarily restricted contributions revenue. The grant is due in annual installments of \$10,000 over three years. The receivable balance as of June 30, 2014 was \$20,000.

Grants totaling \$2,500 are also included in grants receivable at June 30, 2013.

**NOTE F - CONDITIONAL GRANT RECEIVABLE**

In 2014, the ABTA was awarded a conditional grant, to be used for research grants, in an amount up to \$500,000 for the period December 9, 2013 through December 8, 2015. For every \$1 of donations from new private donors, and every \$1 of incremental donations from current private donors, the grantor will award \$1 to the ABTA, up to a maximum of \$62,500 per donor per year and up to a maximum of \$250,000 per year for two years in total. There was \$250,000 of contribution revenue related to this grant recorded in 2014.

**American Brain Tumor Association**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2014 and 2013

**NOTE G - NOTE PAYABLE, BANK**

The ABTA has an agreement with a bank for a \$250,000 line of credit, with interest at the prime rate (3.25% at June 30, 2014) plus 0.25%, which expires on November 26, 2014. The line of credit is collateralized by all assets of the ABTA. There was no outstanding balance on the line of credit at June 30, 2014 and 2013, respectively.

**NOTE H - DEFERRED RENT**

As of June 30, 2014 and 2013, deferred rent consisted of the following:

	2014	2013
Landlord-financed leasehold improvements and additional allowances	\$ 196,267	\$ 224,643
Straight-line expense in excess of rent payments	90,088	93,296
	286,355	317,939
Less current portion	34,069	31,586
	\$ 252,286	\$ 286,353

**NOTE I - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were available for the following purposes as of June 30, 2014 and 2013:

	2014	2013
Research	\$ 304,526	\$ 322,108
Publications	5,000	51,318
Patient services	46,050	10,500
Staffing	-	68,655
Others	47,717	58,549
	\$ 403,293	\$ 511,130

**American Brain Tumor Association**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2014 and 2013

NOTE I - TEMPORARILY RESTRICTED NET ASSETS (Continued)

Temporarily restricted net assets were released from restrictions for the following purposes during 2014 and 2013:

	2014	2013
Research	\$ 731,727	\$ 898,325
Publications	82,000	50,500
Patient Services	10,500	92,686
Staffing	68,655	67,448
Others	43,650	1,672
	\$ 936,532	\$ 1,110,631

NOTE J - RETIREMENT PLAN

The ABTA maintains a 401(k) defined contribution plan for all eligible employees. Contributions are made solely through elective deferrals by the employee through salary reduction agreements. The ABTA matches 50% of employee contributions up to a maximum of 6% of the employee's compensation. The ABTA contributed \$24,692 and \$20,225 to the plan in 2014 and 2013, respectively.

NOTE K - COMMITMENTS AND CONTINGENCIES

1. Fellowships

The ABTA is committed to fund fellowships for brain tumor research. Most commitments are payable semiannually over a two-year period and are contingent on the respective recipients continuing the research for which they originally were awarded the fellowship. As the commitments are contingent, no related liability has been recorded at June 30, 2014 and 2013.

Amounts expected to be paid are as follows for the years ending June 30, 2015 and 2016:

2015		\$ 346,000
2016		100,000
		\$ 446,000

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014 and 2013

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NOTE K - COMMITMENTS AND CONTINGENCIES (Continued)

2. Office Lease

The ABTA leases office space in Chicago, Illinois, under an operating lease agreement expiring in May 2021. The lease agreement includes renewal options.

For financial reporting purposes, lease expense is recognized on a straight-line basis over the term of the lease. The excess of rent and amortization expense over cash paid is shown as a deferred rent liability in the accompanying statements of financial position (see Note H).

Minimum annual rental payments payable under the lease are as follows:

<u>Year ending June 30</u>	
2015	\$ 76,113
2016	78,596
2017	81,079
2018	83,561
2019	86,044
Thereafter	<u>171,763</u>
	<u>\$ 577,156</u>

Total rent expense, which included common area maintenance related expenses of \$60,277 and \$39,086, was \$102,321 and \$81,130 for the years ended June 30, 2014 and 2013, respectively.

3. Contingencies

At times, the ABTA is involved in various claims and legal actions arising in the ordinary course of activities. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the ABTA's financial position or statements of activities.

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014 and 2013

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NOTE L - CONCENTRATION OF CREDIT RISK

The ABTA maintains its cash balances at various financial institutions located in Illinois. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The ABTA may, from time to time, have balances in excess of FDIC insured deposit limits. At June 30, 2014, the ABTA had cash balances in excess of these insured deposit limits.

NOTE M - RECLASSIFICATIONS

Certain reclassifications have been made to the notes to the 2013 financial statements in order to conform to the 2014 presentation. The reclassifications have no effect on the changes in net assets in the financial statements.

NOTE N - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 22, 2014, the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the statement of financial position date that require disclosure in the financial statements.

## **SUPPLEMENTAL INFORMATION**

**American Brain Tumor Association**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2014

Program Services

	Medical & Scientific Research Grants	Patient & Caregiver Support	Public Education & Awareness	Healthcare / Professional Outreach	Total	Fundraising	Management and General	Total
Grants and other assistance to organizations	\$ -	\$ 10,000	\$ -	\$ 46,000	\$ 56,000	\$ -	\$ -	\$ 56,000
Grants and other assistance to individuals	1,092,251	113,843	1,088	108,362	1,315,544	-	-	1,315,544
Employee expenses								
Compensation of current officers	90,359	42,660	8,593	28,681	170,293	-	30,052	200,345
Other salaries and wages	299,294	362,437	61,145	230,985	953,861	419,975	43,592	1,417,428
Employee benefit plans	6,366	5,850	1,013	3,753	16,982	5,810	1,899	24,691
Health insurance	31,312	24,971	4,439	16,142	76,864	73,655	7,651	158,170
Payroll taxes	32,526	29,685	5,147	19,049	86,407	54,597	7,234	148,238
Fees for services	120,941	153,590	38,149	34,291	346,971	126,224	57,580	530,775
Advertising and promotion	16,834	12,115	14,161	12,110	55,220	57,318	647	113,185
Office expenses	67,390	42,332	35,131	35,643	180,496	79,698	28,090	288,284
Information technology	55,955	63,390	3,558	17,130	140,033	62,089	1,169	203,291
Travel	6,919	3,211	1,670	20,249	32,049	35,469	3,470	70,988
Conferences/conventions/meetings	29,532	9,449	1,863	14,497	55,341	10,959	10,095	76,395
Depreciation	16,730	7,898	1,591	5,310	31,529	13,137	7,882	52,548
Insurance	315	149	30	100	594	3,390	544	4,528
Other expenses	1,793	568	114	784	3,259	1,913	15,827	20,999
	<u>\$ 1,868,517</u>	<u>\$ 882,148</u>	<u>\$ 177,692</u>	<u>\$ 593,086</u>	<u>\$ 3,521,443</u>	<u>\$ 944,234</u>	<u>\$ 215,732</u>	<u>\$ 4,681,409</u>



**American Brain Tumor Association**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2013

Program Services

	Medical & Scientific Research Grants	Patient & Caregiver Support	Healthcare Professional Outreach	Total	Fundraising	Management and General	Total
Grants and other assistance to organizations	\$ -	\$ 25,000	\$ 27,000	\$ 52,000	\$ -	\$ -	\$ 52,000
Grants and other assistance to individuals	1,382,500	180,309	438	1,563,247	-	-	1,563,247
Employee expenses							
Compensation of current officers	68,606	32,511	7,652	108,769	45,320	27,192	181,281
Other salaries and wages	369,925	432,002	98,966	900,893	326,090	37,445	1,264,428
Employee benefit plans	9,382	4,683	1,290	15,355	3,304	1,567	20,226
Health insurance	33,793	31,024	7,813	72,630	37,842	6,604	117,076
Payroll taxes	38,637	37,655	9,417	85,709	42,812	6,828	135,349
Fees for services	77,183	79,067	11,959	168,209	152,333	71,644	392,186
Advertising and promotion	5,279	26,598	10,980	42,857	39,116	535	82,508
Office expenses	75,733	126,660	19,839	222,232	66,804	27,142	316,177
Information technology	65,457	22,822	10,694	98,973	29,372	66	128,411
Travel	232	7,463	19,317	27,012	36,110	2,196	65,318
Conferences/conventions/meetings	643	2,222	11,876	14,741	4,724	5,409	24,874
Depreciation	21,280	10,084	2,373	33,737	14,057	8,434	56,228
Insurance	365	173	41	579	2,770	512	3,861
Other expenses	63	129	30	222	3,607	35,105	38,934
	<u>\$ 2,149,078</u>	<u>\$ 1,018,402</u>	<u>239,685</u>	<u>\$ 3,407,165</u>	<u>\$ 804,261</u>	<u>\$ 230,679</u>	<u>\$ 4,442,105</u>