

**THE BRAIN ANEURYSM FOUNDATION, INC.**

**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2013 AND 2012**

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# S. J. Dennen, CPA, P.C.

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To The Board of Directors  
The Brain Aneurysm Foundation, Inc.  
Hanover, Massachusetts

## Independent Auditor's Report

I have audited the accompanying statements of financial position of The Brain Aneurysm Foundation, Inc. (a not-for-profit corporation), which comprises the statement of financial position as of December 31, 2013 and 2012 and the related statements of activities, functional expenses 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 generally accepted auditing standards 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 control. Accordingly, I 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 I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Brain Aneurysm Foundation, Inc. as of December 31, 2013 and 2012, 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

A handwritten signature in black ink that reads "S.J. Dennen CPA, P.C." The signature is written in a cursive style.

S.J. Dennen, CPA, P.C.  
North Andover, Massachusetts  
November 4, 2014

**THE BRAIN ANEURYSM FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2013 AND 2012**

<b>ASSETS</b>		
	2013	2012
<b>Current Assets</b>		
Cash and cash equivalents	\$ 468,422	\$ 650,017
Investments	358,242	80,738
Prepaid expenses	836	555
<b>Total Current Assets</b>	<b>827,500</b>	<b>731,310</b>
 <b>Property and Equipment-Net</b>	 <b>21,252</b>	 <b>5,811</b>
 <b>Total Assets</b>	 <b>\$ 848,752</b>	 <b>\$ 737,121</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 81,331	\$ 41,436
<b>Total Liabilities</b>	<b>81,331</b>	<b>41,436</b>
 <b>Net Assets</b>		
Unrestricted		
Undesignated-available for general activities	767,421	695,685
<b>Total Net Assets</b>	<b>767,421</b>	<b>695,685</b>
 <b>Total Liabilities and Net Assets</b>	 <b>\$ 848,752</b>	 <b>\$ 737,121</b>

See accompanying notes.

**THE BRAIN ANEURYSM FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenues and Support</b>						
Contributions	\$ 256,580	99,630	\$ 356,210	\$ 347,308	102,507	\$ 449,815
Special events - net	427,650	-	427,650	393,381	-	393,381
Promotional item sales	4,032	-	4,032	8,922	-	8,922
Unrealized appreciation	42,353	-	42,353	199	-	199
Capital gains	5,641	-	5,641	53	-	53
Interest/Dividends	7,522	-	7,522	1,458	-	1,458
<b>Total Revenues and Support</b>	<b>743,778</b>	<b>99,630</b>	<b>843,408</b>	<b>751,321</b>	<b>102,507</b>	<b>853,828</b>
Net Assets Released from Restrictions	99,630	(99,630)	-	102,507	(102,507)	-
<b>Total revenues, Support and Released Restrictions</b>	<b>843,408</b>	<b>-</b>	<b>843,408</b>	<b>853,828</b>	<b>-</b>	<b>853,828</b>
<b>Functional Expenses</b>						
Program Services	611,837	-	611,837	590,811	-	590,811
Management and General	103,545	-	103,545	72,547	-	72,547
Fundraising	56,290	-	56,290	47,398	-	47,398
<b>Total Expenses</b>	<b>771,672</b>	<b>-</b>	<b>771,672</b>	<b>710,756</b>	<b>-</b>	<b>710,756</b>
<b>Increase in Net Assets</b>	<b>71,736</b>	<b>-</b>	<b>71,736</b>	<b>143,072</b>	<b>-</b>	<b>143,072</b>
<b>Net Assets, Beginning of Year</b>	<b>695,685</b>	<b>-</b>	<b>695,685</b>	<b>552,613</b>	<b>-</b>	<b>552,613</b>
<b>Net Assets, End of Year</b>	<b>\$ 767,421</b>	<b>\$ 0</b>	<b>\$ 767,421</b>	<b>\$ 695,685</b>	<b>\$ 0</b>	<b>\$ 695,685</b>

**THE BRAIN ANEURYSM FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2013 WITH**  
**COMPARATIVE TOTALS FOR 2012**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2013 Total Expenses</u>	<u>2012 Total Expenses</u>
<b>Expenses</b>					
Awareness and education	\$ 138,668	\$ -	\$ -	\$ 138,668	\$ 183,142
Bank and credit card fees	-	23,958	-	23,958	16,408
Conferences and meetings	29,382	-	-	29,382	18,623
Depreciation	-	2,819	-	2,819	1,856
Insurance	-	2,738	-	2,738	3,276
Miscellaneous	1,800	6,039	-	7,839	7,679
Newsletter	11,963	-	1,329	13,292	6,143
Payroll	148,874	21,268	42,535	212,677	169,821
Postage	5,173	2,587	5,173	12,933	18,904
Professional fees - accounting	-	5,500	-	5,500	6,845
Professional fees - other	-	16,068	-	16,068	(1,500)
Rent	3,577	8,348	-	11,925	9,300
Research grants and awards	228,361	-	-	228,361	217,643
Software and internet	14,622	860	1,720	17,202	19,754
Supplies	-	10,198	-	10,198	10,990
Taxes-payroll	13,894	1,985	3,970	19,849	12,706
Telephone	4,480	527	264	5,271	5,016
Website	11,043	650	1,299	12,992	4,150
<b>Total Expenses</b>	<b>\$ 611,837</b>	<b>\$ 103,545</b>	<b>\$ 56,290</b>	<b>\$ 771,672</b>	<b>\$ 710,756</b>

See accompanying notes.

**THE BRAIN ANEURYSM FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
<b>Cash Flows from Operating Activities</b>		
Increase in Net Assets	\$ 71,736	\$ 143,072
<i>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</i>		
Depreciation	2,819	1,856
Net realized and unrealized (gains) on investments	(47,994)	0
Donated securities	(14,630)	0
Pledges receivable	0	195
Prepaid expenses	(281)	1,515
Accounts payable and other liabilities	39,895	22,920
<b>Net Cash Provided by Operating Activities</b>	<b>51,545</b>	<b>169,558</b>
 <b>Cash Flows from Investing Activities</b>		
Purchase of Investments	(320,763)	(80,738)
Proceeds from sale of investments	105,883	0
Purchase of property and equipment	(18,260)	(2,349)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(233,140)</b>	<b>(83,087)</b>
 <b>Net Increase (Decrease) in Cash</b>	<b>(181,595)</b>	<b>86,471</b>
 <b>Cash, at Beginning of Year</b>	<b>650,017</b>	<b>563,546</b>
 <b>Cash, at End of Year</b>	<b>\$ 468,422</b>	<b>\$ 650,017</b>

See accompanying notes.



**THE BRAIN ANEURYSM FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

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**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of The Brain Aneurysm Foundation, Inc., (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

**Nature of Business**

The Organization is a Non-Profit Organization established in Boston, Massachusetts in 1994. The Foundation developed from the close relationship between patients and healthcare professionals who identified the need for comprehensive information and support for brain aneurysm patients, their families and the medical community. The mission of the Organization is to provide support networks and educational resources to raise public awareness regarding early detection and treatment of brain aneurysms. The Foundation receives its support from voluntary donations and fundraising events.

**Financial Statement Presentation**

The Organization accounts for contributions received and presents its financial statements in accordance with Financial Accounting Standards Board Accounting Standards Codification No. 958 (ASC 958), *Not-for-Profit Entities*. In accordance with ASC 958, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence and/or nature of any donor restrictions. Additionally, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At December 31, 2013 and 2012, the Organization had no permanently restricted net assets.

**Method of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

The accounts of the Organization are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds have been combined and presented for the Organization as a whole in accordance with Accounting Standards for *Not-For-Profit Entities – Presentation of Financial Statements*.

Accompanying notes are an integral part of these financial statements.

**THE BRAIN ANEURYSM FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

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**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers as “cash equivalents” all highly liquid debt instruments purchased with a maturity date of three months or less.

**Investments**

The Organization reflects investments at fair value in the statement of financial position. Interest, dividends, and gains and losses on investments are reflected in the Statements of Activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Gains and investment income that are limited to specific uses by donor-imposed restrictions are reported as increases in unrestricted net assets if the restrictions are met in the same year in which the gains and income are recognized.

**Contributions and Unconditional Promises to Give**

The Organization reports contributions received in accordance with accounting standards *Not-For-Profit Entities – Receivables*. Under this accounting standard, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are 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 is met, temporarily-restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years’ experience and management’s analysis of specific promises made.

**Advertising Costs**

The Organization’s policy is to charge advertising costs to expense as incurred.

**THE BRAIN ANEURYSM FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

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**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

**Property and Equipment**

Property and Equipment are recorded at cost. Equipment is capitalized if it has a cost of \$1,000 or more and a useful life when acquired of more than 1 year. Depreciation is provided on a straight-line basis over the estimated lives of the assets. Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized. The estimated useful life of the assets is as follows:

Software	3 years
Furniture and Equipment	5-7 years

**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.

**Income Taxes**

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income tax has been made.

Additionally, the Organization qualifies for charitable contribution deductions under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization evaluates all significant tax positions as required by generally accepted accounting principles in the United States. As of August 31, 2013, the Organization does not believe that it has taken any tax positions that would require the recording of any tax liabilities, nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months. The Organization's tax returns are subject to examination by the appropriate taxing jurisdictions. As of December 31, 2013, the Organization's federal and state returns are open for the last three years.

**THE BRAIN ANEURYSM FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

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**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

**Donated Services**

Donated services are recognized as contributions in accordance with ASC 958 if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. No amounts have been reflected in the financial statements for donated services since services received do not meet the aforementioned criteria; however, a number of volunteers have donated time to the Organization's activities.

**Concentration of Credit Risk**

The Organization maintains its cash balances at a financial institution located in Massachusetts. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization also maintains certain money funds at a brokerage firm that is insured by Securities Investor Protection Corporation (SIPC).

At various times during the year, the Organization's cash in bank accounts exceed the federal insured limits of \$250,000. On December 31, 2013 the Organization had uninsured balances of \$63,554.

**Functional Allocation of Expense**

The cost of providing the various program and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Compensated Absences**

Employees of the Organization are entitled to paid vacations, sick days and other time off depending on job classification, length of service and other factors. The Organization's policy is to recognize the costs of compensated vacation and sick time when paid to employees.

**Fair Value of Financial Instruments**

The carrying amounts of financial instruments including cash, certificates of deposits, and accounts payable approximated fair value as of December 31, 2013 and 2012.

Accompanying notes are an integral part of these financial statements.

**THE BRAIN ANEURYSM FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

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**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

**Restrictions on Assets**

**Temporarily-Restricted Net Assets**

Temporarily-restricted net assets at December 31, 2013 and 2012 are restricted for future programs and are expected to be released from restriction within one year.

**Permanently-Restricted Net Assets**

Permanently-restricted net assets are used to account for contributions received from donors who direct that the principle be retained and only the income derived there from be used to support the general operations of the Organization.

**Release of Restrictions**

When a restriction expires or is fulfilled, temporarily restricted assets are reclassified to unrestricted net asset.

**NOTE 2 – INVESTMENTS**

The Organization maintains certain investment accounts. The future proceeds from these accounts are intended to support the operations of the Organization. The Organization investment objective is the preservation of capital and moderate growth.

Investments, stated at fair value, consist of mutual funds and a market etf fund. The fair value of investments has been determined by quoted market values in active markets. The mutual funds in which the Organization invests are reported at the net asset value made publicly available daily, at which redemptions and investments take place for the following day.

There are no investment fees paid directly to the investment advisor. Fees are included in the mutual funds expense ratio.

**THE BRAIN ANEURYSM FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

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**NOTE 2 – INVESTMENTS -CONTINUED**

Board-designated investments at December 31, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Stock ETF	\$ 318,170	\$ 30,411
Mutual Funds-bond	-	20,042
Mutual Funds-growth	<u>40,072</u>	<u>30,285</u>
Total	<u>\$ 358,242</u>	<u>\$ 80,738</u>
<u>Investment Return</u>		
	<u>2013</u>	<u>2012</u>
Dividends	\$ 5,447	\$ 558
Unrealized gains (losses)	<u>42,353</u>	<u>199</u>
	<u>\$ 47,800</u>	<u>\$ 757</u>

**NOTE 3 – PLEDGES RECEIVABLE**

Pledges receivable represent donors' promises to pay contributions to the Foundation and are measured at the present value of estimated future cash flows. At December 31, 2013 there were no pledges receivable.

**NOTE 4 - PREPAID EXPENSES**

Prepaid expenses consist of the unexpired balance on insurance policies.

**THE BRAIN ANEURYSM FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

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**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and Equipment consists of the following at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Equipment	\$ 15,137	\$ 10,678
Software	13,800	10,678
Accumulated Depreciation	<u>(7,685)</u>	<u>(4,867)</u>
Property and Equipment - Net	<u>\$ 21,252</u>	<u>\$ 16,489</u>

Depreciation expense for the years ended December 31, 2013 and 2012 was \$2,819 and \$1,856, respectively.

**NOTE 6 – RESTRICTIONS ON ASSETS**

The Organization's Board of Directors has not chosen to place any limitation on unrestricted net assets.

**NOTE 7 – OPERATING LEASE**

In June 2013, the Company entered into a one year lease agreement for its office space. Monthly rent is \$1,150. Rent for the years ended December 31, 2013 and 2012 was \$10,925 and \$9,300, respectively.

Minimum future lease payments on the two leases at December 31, 2013, are as follows:

2014	<u>\$ 5,750</u>
Total	<u>\$ 5,750</u>

**NOTE 8 – RECLASSIFICATION**

Certain items from 2012 have been reclassified to conform to current presentation.

**NOTE 9 – SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through November 4, 2013, the date the financial statements were available to issue. No events occurred during that time which required disclosure.

Accompanying notes are an integral part of these financial statements.