

# **American Brain Tumor Association**

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

**June 30, 2016 and 2015**

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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, 2016 and 2015, 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, 2016 and 2015, 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, as listed in the table of contents, 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.

*Miller, Cooper & Co., Ltd.*

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Certified Public Accountants

Deerfield, Illinois  
November 8, 2016

## **FINANCIAL STATEMENTS**

**American Brain Tumor Association**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2016 and 2015

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<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,553,587	\$ 1,124,683
Restricted cash equivalents	178,630	208,538
Investments	2,031,216	2,365,727
Receivables		
Grants	25,000	47,520
Other	10,567	15,342
Inventory	36,333	49,503
Prepays and deposits	89,654	123,099
	<hr/>	<hr/>
Total current assets	3,924,987	3,934,412
	<hr/>	<hr/>
PROPERTY AND EQUIPMENT, net	373,405	303,012
	<hr/>	<hr/>
SECURITY DEPOSITS	12,225	12,225
	<hr/>	<hr/>
	\$ 4,310,617	\$ 4,249,649
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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>2016</u>	<u>2015</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 121,816	\$ 117,110
Accrued expenses	48,379	37,240
Grants payable	217,000	125,238
Current portion of deferred rent	13,841	36,552
Unearned revenues	114,925	113,508
	<u>515,961</u>	<u>429,648</u>
<b>DEFERRED RENT, NET OF CURRENT PORTION</b>	<u>200,629</u>	<u>215,735</u>
<b>NET ASSETS</b>		
Unrestricted	3,122,479	3,233,203
Temporarily restricted	471,548	371,063
	<u>3,594,027</u>	<u>3,604,266</u>
	<u>\$ 4,310,617</u>	<u>\$ 4,249,649</u>

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**American Brain Tumor Association**  
**STATEMENTS OF ACTIVITIES**  
Years Ended June 30, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues						
Contributions	\$ 1,932,736	\$ 760,817	\$ 2,693,553	\$ 1,489,077	\$ 903,142	\$ 2,392,219
Donated services	9,645	-	9,645	78,032	-	78,032
Contributions from fundraising activities	2,222,102	-	2,222,102	2,176,435	-	2,176,435
Fundraising activities, net of direct costs of \$463,578 in 2016 and \$514,125 in 2015	384,747	-	384,747	258,141	-	258,141
Inventory sales, net of cost of goods sold of \$17,922 in 2016 and \$17,403 in 2015	7,700	-	7,700	12,261	-	12,261
Interest income	58,663	-	58,663	83,957	-	83,957
Net realized and change in unrealized (losses) gains on investments	(206,988)	-	(206,988)	1,547	-	1,547
Other income	25,314	-	25,314	10,828	-	10,828
Net assets released from restrictions	660,332	(660,332)	-	935,372	(935,372)	-
Total revenues	5,094,251	100,485	5,194,736	5,045,650	(32,230)	5,013,420
Expenses						
Program services	4,176,220	-	4,176,220	3,589,136	-	3,589,136
Fundraising	772,636	-	772,636	946,123	-	946,123
Management and general	256,119	-	256,119	237,793	-	237,793
Total expenses	5,204,975	-	5,204,975	4,773,052	-	4,773,052
CHANGE IN NET ASSETS	(110,724)	100,485	(10,239)	272,598	(32,230)	240,368
Net assets, beginning of year	3,233,203	371,063	3,604,266	2,960,605	403,293	3,363,898
Net assets, end of year	\$ 3,122,479	\$ 471,548	\$ 3,594,027	\$ 3,233,203	\$ 371,063	\$ 3,604,266

Miller Cooper & Co., Ltd.

The accompanying notes are an integral part of these statements.



**American Brain Tumor Association**  
**STATEMENTS OF CASH FLOWS**  
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ (10,239)	\$ 240,368
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	72,475	60,089
Deferred rent - straight-line expense	43,532	42,046
Net realized and change in unrealized losses (gains) on investments	206,988	(1,547)
(Increase) decrease in assets		
Restricted cash equivalents	29,908	29,888
Grants receivable	22,520	(27,520)
Other receivables	4,775	33,375
Inventory	13,170	(22,635)
Prepays and deposits	33,445	(46,600)
Increase (decrease) in liabilities		
Accounts payable	4,706	(48,424)
Accrued expenses	11,139	(28,605)
Grants payable	91,762	65,238
Deferred rent	(81,349)	(76,114)
Unearned revenues	1,417	(38,331)
Net cash provided by operating activities	<u>444,249</u>	<u>181,228</u>
Cash flows from investing activities		
Sales of investments	466,455	691,309
Purchases of investments	(338,932)	(754,754)
Purchases of property and equipment	(142,868)	(76,236)
Net cash used in investing activities	<u>(15,345)</u>	<u>(139,681)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	428,904	41,547
Cash and cash equivalents, beginning of year	<u>1,124,683</u>	<u>1,083,136</u>
Cash and cash equivalents, end of year	<u>\$ 1,553,587</u>	<u>\$ 1,124,683</u>

The accompanying notes are an integral part of these statements.

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016 and 2015

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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 \$178,630 and \$208,538 as of June 30, 2016 and 2015, 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, 2016 and 2015

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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. Investment-related income is reported net of management fees of \$20,630 and \$21,822 for 2016 and 2015, respectively.

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 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, 2016 and 2015

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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, 2016 and 2015, 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 \$92,831 and \$64,492 for the years ended June 30, 2016 and 2015, respectively.

10. Tax Status

The ABTA is exempt from income taxes under 501(c)(3) of the Internal Revenue Code.

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, 2016 and 2015

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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, 2016 and 2015, 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.

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 2016 and 2015, donated service revenues of approximately \$10,000 and \$78,000, 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, 2016 and 2015

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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, 2016 and 2015

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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, 2016 and 2015.

*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, 2016 and 2015

**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, 2016 and 2015.

Investments at Fair Value as of June 30, 2016				
	Level 1	Level 2	Level 3	Total
Fixed income				
Corporate bonds	\$ -	\$ 13,831	\$ -	\$ 13,831
Municipal bonds	-	99,059	-	99,059
Asset-backed securities	-	4,476	-	4,476
Equities	806,902	-	-	806,902
Mutual funds	1,106,948	-	-	1,106,948
Investments, at fair value	\$ 1,913,850	\$ 117,366	\$ -	\$ 2,031,216

Investments at Fair Value as of June 30, 2015				
	Level 1	Level 2	Level 3	Total
Fixed income				
Corporate bonds	\$ -	\$ 73,305	\$ -	\$ 73,305
Municipal bonds	-	47,226	-	47,226
Asset-backed securities	-	5,935	-	5,935
Equities	1,164,836	-	-	1,164,836
Mutual funds	1,074,425	-	-	1,074,425
Investments, at fair value	\$ 2,239,261	\$ 126,466	\$ -	\$ 2,365,727

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, 2016 and 2015

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

**15. Functional Allocation of Expenses**

Expenses that can be specifically identified with program, fundraising, and management and general activities are charged directly to those categories. The ABTA allocates certain remaining administrative expenses, such as salary costs, amongst these categories based on management's best estimate of time incurred, historical experience, and programs benefited.

**NOTE C - INVESTMENTS**

Investments consisted of the following as of June 30, 2016 and 2015:

	<u>2016</u>		<u>2015</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Fixed income				
Corporate bonds	\$ 10,426	\$ 13,831	\$ 68,414	\$ 73,305
Municipal bonds	104,756	99,059	54,858	47,226
Asset-backed securities	4,262	4,476	5,632	5,935
Equities	779,188	806,902	1,009,451	1,164,836
Mutual funds	1,124,346	1,106,948	1,033,415	1,074,425
	<u>\$ 2,022,978</u>	<u>\$ 2,031,216</u>	<u>\$ 2,171,770</u>	<u>\$ 2,365,727</u>

At June 30, 2016 and 2015, \$124,918 and \$28,893 of cash and cash equivalents were included in the investment brokerage account, respectively, which are included in cash and cash equivalents on the statement of financial position.

At June 30, 2016, fixed income investments mature in the following years:

2017	\$ -
2018	-
2019	-
2020	47,713
2021	-
Thereafter	<u>69,653</u>
	<u>\$ 117,366</u>

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016 and 2015

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NOTE C - INVESTMENTS (Continued)

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.

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Furniture and fixtures	\$ 134,726	\$ 114,109
Computer software and equipment	292,293	186,012
Leasehold improvements	<u>268,045</u>	<u>252,075</u>
	695,064	552,196
Less accumulated depreciation	<u>321,659</u>	<u>249,184</u>
Property and equipment, net	<u>\$ 373,405</u>	<u>\$ 303,012</u>

NOTE E - GRANTS RECEIVABLE

In 2014, the ABTA was awarded a \$30,000 grant to fund the Patient & Family Conferences which was recorded in temporarily restricted contributions revenue. The grant was due in annual installments of \$10,000 over three years. Of that amount, the remaining \$10,000 was included in grants receivable at June 30, 2015 and was paid in full during the year ended June 30, 2016.

In 2015, the ABTA was awarded a \$69,675 grant to fund the Alumni Research Network which was also recorded in temporarily restricted contributions revenue. Of that amount, \$32,155 was paid in 2015 and the remaining \$37,520 was paid in 2016.

In 2016, the ABTA was awarded a \$50,000 grant to fund the ABTA Basic Fellowship which was also recorded in temporarily restricted contributions revenue. Of that amount, \$25,000 was paid in 2016 and the remaining \$25,000 is included grants receivable at June 30, 2016.

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016 and 2015

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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. Contribution revenue of \$250,000 related to this grant was recorded and paid in 2015.

In 2015 the ABTA was awarded a conditional grant, to be used for the Discovery Grant Program, in an amount up to \$400,000 for the period November 9, 2015 through November 8, 2017. 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 \$50,000 per donor per year and up to a maximum of \$200,000 per year for two years in total. Contribution revenue of \$200,000 related to this grant was recorded and paid in 2016.

In 2015 the ABTA was awarded a second conditional grant, to be used for the ABTA Alumni Research Network, in an amount up to \$200,000 for the period November 9, 2015 through November 8, 2017. For every \$1 of donations from new private donors that exceed \$100,000, the grantor will award \$1 to the ABTA, up to a maximum of \$25,000 per donor per year and up to a maximum of \$100,000 per year for two years in total. Contribution revenue of \$100,000 related to this grant was recorded and paid in 2016.

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 (3.50% at June 30, 2016) plus 0.25%, which expires on November 26, 2016. 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, 2016 and 2015, respectively.

**American Brain Tumor Association**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2016 and 2015

**NOTE H - DEFERRED RENT**

As of June 30, 2016 and 2015, deferred rent consisted of the following:

	<u>2016</u>	<u>2015</u>
Landlord-financed leasehold improvements and additional allowances	\$ 139,515	\$ 167,891
Straight-line expense in excess of rent payments	<u>74,955</u>	<u>84,396</u>
	214,470	252,287
Less current portion	<u>13,841</u>	<u>36,552</u>
	<u>\$ 200,629</u>	<u>\$ 215,735</u>

**NOTE I - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were available for the following purposes as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Research	\$ 360,411	\$ 295,455
Publications	530	5,530
Patient services	25,600	30,000
Others	<u>85,007</u>	<u>40,078</u>
	<u>\$ 471,548</u>	<u>\$ 371,063</u>

Temporarily restricted net assets were released from restrictions for the following purposes during 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Research	\$ 572,505	\$ 812,662
Publications	14,385	19,720
Patient Services	32,525	16,050
Others	<u>40,917</u>	<u>86,940</u>
	<u>\$ 660,332</u>	<u>\$ 935,372</u>

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016 and 2015

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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 \$27,914 and \$24,545 to the plan in 2016 and 2015, 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, 2016 and 2015.

Amounts expected to be paid are as follows for the years ending June 30:

2017	\$	408,500
2018		<u>125,000</u>
	\$	<u><u>533,500</u></u>

2. Office Lease

The ABTA leases office space in Chicago, Illinois, under an operating lease agreement expiring on May 31, 2024. 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).

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016 and 2015

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NOTE K - COMMITMENTS AND CONTINGENCIES (Continued)

2. Office Lease (Continued)

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

<u>Year ending June 30:</u>	
2017	\$ 114,223
2018	117,858
2019	121,505
2020	125,151
2021	130,915
Thereafter	<u>473,990</u>
	<u>\$ 1,083,642</u>

Total rent expense, which included common area maintenance related expenses of \$70,336 and \$70,563, was \$123,093 and \$112,607 for the years ended June 30, 2016 and 2015, respectively.

3. Litigation

The ABTA received a \$247,517 bequest from a Trust, which was recorded in cash and revenues for the year ended June 30, 2014. Subsequent to receiving the cash, lawsuits were filed against the ABTA, nine other non-profit organizations which were beneficiaries of the Trust, the trustees of the Trust, and two Banks. The lawsuits seek to recover damages from the Trust and those entities, including the ABTA, which received bequests from the Trust. At this time, management and legal counsel are unable to provide an evaluation of the likelihood of an unfavorable outcome or the potential range of loss.

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, 2016, the ABTA had cash balances in excess of these insured deposit limits.

**American Brain Tumor Association**  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016 and 2015

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NOTE M - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 8, 2016, 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, 2016

Miller Cooper & Co., Ltd.

	Program Services				Total	Fundraising	Management and General	Total
	Medical & Scientific Research Grants	Patient & Caregiver Support	Public Education & Awareness	Healthcare / Professional Outreach				
Grants and other assistance to organizations	\$ 27,500	\$ -	\$ -	\$ -	\$ 27,500	\$ -	\$ -	\$ 27,500
Grants and other assistance to individuals	1,208,392	68,685	-	295	1,277,372	-	-	1,277,372
Employee expenses								
Compensation of current officers	113,119	32,032	14,870	9,703	169,724	-	29,951	199,675
Other salaries and wages	858,431	313,872	134,345	94,739	1,401,387	277,458	48,074	1,726,919
Employee benefit plans	11,707	4,477	1,921	1,352	19,457	5,286	3,172	27,915
Health insurance	82,858	45,522	18,572	13,713	160,665	28,145	16,887	205,697
Payroll taxes	62,991	26,068	10,876	7,860	107,795	57,258	10,285	175,338
Fees for services	165,078	113,355	51,886	33,671	363,990	110,188	54,391	528,569
Advertising and promotion	33,538	23,282	42,344	18,380	117,544	78,356	-	195,900
Office expenses	82,839	55,225	37,493	15,643	191,200	64,753	39,555	295,508
Information technology	80,103	41,721	19,191	9,439	150,454	69,538	7,012	227,004
Travel	15,040	17,294	18,151	14,047	64,532	43,980	6,257	114,769
Conferences/conventions/meetings	5,701	35,915	11,312	16,667	69,595	13,591	16,583	99,769
Depreciation	28,982	8,207	3,810	2,486	43,485	18,119	10,871	72,475
Insurance	-	-	-	-	-	2,853	1,712	4,565
Other expenses	7,118	2,520	1,120	762	11,520	3,111	11,369	26,000
	<u>\$ 2,783,397</u>	<u>\$ 788,175</u>	<u>\$ 365,891</u>	<u>\$ 238,757</u>	<u>\$ 4,176,220</u>	<u>\$ 772,636</u>	<u>\$ 256,119</u>	<u>\$ 5,204,975</u>

**American Brain Tumor Association**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2015

Miller Cooper & Co., Ltd.

	Program Services				Total	Fundraising	Management and General	Total
	Medical & Scientific Research Grants	Patient & Caregiver Support	Public Education & Awareness	Healthcare / Professional Outreach				
Grants and other assistance to organizations	\$ 58,345	\$ 65,575	\$ -	\$ 5,000	\$ 128,920	\$ -	\$ -	\$ 128,920
Grants and other assistance to individuals	952,768	82,333	-	107,969	1,143,070	-	-	1,143,070
Employee expenses								
Compensation of current officers	85,346	41,116	13,698	25,038	165,198	-	29,153	194,351
Other salaries and wages	437,887	369,070	117,094	201,941	1,125,992	383,855	42,945	1,552,792
Employee benefit plans	5,029	4,765	1,501	2,564	13,859	8,734	1,952	24,545
Health insurance	34,349	32,672	10,287	17,570	94,878	79,038	8,598	182,514
Payroll taxes	33,115	29,548	9,340	16,033	88,036	59,501	9,816	157,353
Fees for services	92,593	81,904	42,010	39,755	256,262	104,500	59,932	420,694
Advertising and promotion	1,570	23,798	26,993	18,550	70,911	76,480	-	147,391
Office expenses	63,381	52,393	34,617	35,645	186,036	64,475	33,173	283,684
Information technology	56,325	54,488	17,704	26,937	155,454	68,495	616	224,565
Travel	2,687	13,557	18,395	26,649	61,288	47,953	2,043	111,284
Conferences/conventions/meetings	10,580	31,166	2,368	13,865	57,979	9,366	21,786	89,131
Depreciation	18,626	8,973	2,989	5,466	36,054	15,022	9,013	60,089
Insurance	-	-	-	-	-	2,595	1,557	4,152
Other expenses	1,668	1,934	598	999	5,199	26,109	17,209	48,517
	<u>\$ 1,854,269</u>	<u>\$ 893,292</u>	<u>\$ 297,594</u>	<u>\$ 543,981</u>	<u>\$ 3,589,136</u>	<u>\$ 946,123</u>	<u>\$ 237,793</u>	<u>\$ 4,773,052</u>