

Macular Degeneration Association, Inc.  
December 31, 2014

Financial Statements

Mercurio & Jakusovas, CPAS, LLC  
713 South Orange Avenue  
Suite 103  
Sarasota, FL 34236

December 31, 2014

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Macular Degeneration Association, Inc.

We have audited the accompanying statement of financial position of Macular Degeneration Association, Inc. ("the Organization") as of December 31, 2014 and December 31, 2013, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2013 financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Macular Degeneration Association, Inc. as of December 31, 2014 and December 31, 2013, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Mercurio & Jakusovas CPAs, LLC*

Sarasota, Florida  
February 12, 2015

Statement of Financial Position  
December 31, 2014

Assets

	<u>2014</u>	<u>2013</u> Total (For comparative purposes only)
Current assets:		
Cash and cash equivalents	\$ 244,266	\$ 229,617
Loan receivable	241	3,889
Prepaid expenses	923	2,249
Total current assets	<u>245,430</u>	<u>235,755</u>
Property and equipment, net	<u>5,784</u>	<u>9,142</u>
Total assets	<u><u>251,214</u></u>	<u><u>244,897</u></u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable	47,109	114,188
Loan from related party	2,854	33,255
Total current liabilities	49,963	147,443
Net assets	<u>201,251</u>	<u>97,454</u>
Total liabilities and net assets	<u><u>\$ 251,214</u></u>	<u><u>\$ 244,897</u></u>

See accompanying notes to financial statements.

Statement of Activities and Changes in Net Assets  
Year Ended December 31, 2014

	<u>2014</u>	<u>2013</u> Total (For comparative purposes only)
Support and revenue:		
Contributions	\$1,152,103	\$ 1,425,921
Bequest	<u>2,500</u>	<u>57,089</u>
Total support and revenue	<u>1,154,603</u>	<u>1,483,010</u>
Expenses:		
Program services	547,237	1,140,010
General and administrative	150,667	161,242
Fund raising and development	<u>352,902</u>	<u>359,072</u>
Total expenses	<u>1,050,806</u>	<u>1,660,324</u>
Change in net assets	103,797	(177,314)
Net assets - beginning of year	<u>97,454</u>	<u>274,768</u>
Net assets - end of year	<u>\$ 201,251</u>	<u>\$ 97,454</u>

See accompanying notes to financial statements.

Statement of Functional Expenses  
Year Ended December 31, 2014

	2014			2013
	Program Services	General and Administrative	Fund raising and Development	Total (For comparative purposes only)
Grants made	\$ -	\$ -	\$ -	\$ 420
Advertising	4,559	-	-	228,069
Auto	1,535	345	38	4,971
Bank fees	-	8,670	-	10,428
Office expenses	5,528	1,244	138	12,712
Payroll and taxes	154,966	51,655	-	279,897
Employee benefits	301	-	-	5,040
Licenses and permits	7,165	1,265	12,646	20,170
Direct Mailings	270,928	67,732	338,660	681,980
Newsletter	40,490	-	-	-
Miscellaneous	142	32	4	8,561
Supplies	976	220	27	18,622
Telephone	1,784	273	42	9,689
Travel	4,052	-	-	163,477
Postage	3,469	-	-	6,420
Professional fees	-	13,524	-	16,593
Conference and education	20,542	-	-	115,024
Website	3,218	402	402	41,657
Rent	25,903	3,962	609	24,104
Repairs	-	-	-	42
Depreciation expense	1,679	1,343	336	2,641
Printing	-	-	-	9,807
<b>Total functional expenses</b>	<b>\$ 547,237</b>	<b>\$ 150,667</b>	<b>\$ 352,902</b>	<b>\$ 1,660,324</b>
			<b>Total Expenses</b>	
			<b>\$ 1,050,806</b>	

See accompanying notes to financial statements.

Statement of Cash Flows  
Year Ended December 31, 2014

	<u>2014</u>	<u>2013</u> Totals (For comparative purposes only)
Cash flows from operating activities:		
Change in net assets	\$ 103,797	\$ (177,314)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	3,358	2,641
(Increase) decrease in assets:		
Prepaid expenses	1,326	1,770
Loan receivable	3,648	(3,889)
Increase (decrease) in liabilities:		
Accounts payable	(67,079)	1,074
Payroll taxes payable	-	(7,906)
Deferred revenue	-	(36,014)
Loan from related party	(30,401)	25,646
Net cash flows from operating activities	<u>14,649</u>	<u>(193,992)</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>-</u>	<u>(6,581)</u>
Net cash flows from investing activities	<u>-</u>	<u>(6,581)</u>
Net increase (decrease) in cash	14,649	(200,573)
Cash and cash equivalents - beginning of year	<u>229,617</u>	<u>430,190</u>
Cash and cash equivalents - end of year	<u>\$ 244,266</u>	<u>\$ 229,617</u>

See accompanying notes to financial statements.

Notes to Financial Statements  
December 31, 2014

Note 1 – Organization and Summary of Significant Accounting Policies:

Organization

Macular Degeneration Association, Inc. ("The Organization"), a Virginia Corporation, was founded on June 29, 2010, as a not-for-profit. The main function of the Organization is to support medical research into the cause, cure, and treatment of Macular Degeneration disease and to inform the general public about Macular Degeneration disease. This involves the soliciting of funds via direct mail campaigns and the Organization's web site in support of its charitable and education programs. The organization is dedicated to funding and developing sophisticated education and outreach programs to Macular Degeneration patients through education symposiums, website and mailing educational materials, and advocacy and awareness programs designed to provide Macular Degeneration patients with an improved quality of life.

In 2014, the Organization conducted 12 patient education symposiums in different locations throughout the United States thru the support of a major pharmaceutical company and others. The program allowed Macular Degeneration the opportunity to provide macular patients and caregivers an introduction to new treatment options, educate participants about the latest therapy and drug advances and provide a forum for physicians, patients and caregivers to share information.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting and reflect all significant receivable, payables, and other liabilities in accordance with generally accepted accounting principles. Net assets, revenues, support, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. If donor-imposed restrictions are met in the same period as the gift or investment income is received, the amount is reported as unrestricted revenues. Accordingly, net assets of the Organization are classified and reported as follows:

Unrestricted – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted – Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time. No temporarily restricted assets were held at December 31, 2014.

Permanently Restricted – Net assets restricted by donor to be maintained permanently by the Organization. No permanently restricted assets were held at December 31, 2014



Notes to Financial Statements  
December 31, 2014

Note 1 - Organization and Summary of Significant Accounting Policies - Continued:

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers money market funds and all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Promises to Give

Unconditional Promises to Give are recognized as revenue in the period received and as assets. Conditional Promises to Give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

Property and Equipment

Property and equipment is reflected in the financial statements at cost, or if donated, at the estimated fair value on the date of donation. The Organization capitalizes all assets purchased greater than \$500. Depreciation expense is computed using the straight line method over the estimated useful life of the assets which range from three to five years. Depreciation Expense for 2014 was \$3,358.

Grants and Contributions

Grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received with donor stipulations that limit the use of donated assets are treated as temporarily restricted net assets. When the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Bequests

Bequests are contributions that are recognized as revenues when the donor makes an unconditional Promise to give to the organization at the net realizable value as estimated by management after consulting with decedent representatives. Bequest revenue for the year ending December 31, 2014, was \$2,500.

Notes to Financial Statements  
December 31, 2014

Note 1 - Organization and Summary of Significant Accounting Policies - Continued:

Functional Expense Allocation

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

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Donated Services and In-Kind Contributions

The Organization recognizes donated services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization recognized \$18,500 in donated services from physicians and health care providers in the year ended December 31, 2014.

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2013, from which the summarized information was derived. Certain prior year accounts have been reclassified in order to conform to current year presentation.

Note 2 – Property and Equipment:

Property and equipment at December 31, 2014, consisted of the following

Office furniture and equipment	\$12,851
Less: Accumulated depreciation	<u>( 7,067)</u>
Net	<u>\$ 5,784</u>

Notes to Financial Statements  
December 31, 2014

Note 3 – Leases:

The Organization leases office space shared with a related nonprofit organization. The organizations share of rent expense for the year ending December 31, 2014 was \$30,000.

Note 4 – Uninsured Cash Balance:

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash deposits. The Organization places its cash and cash equivalents with local financial institutions. At times, cash balance may be in excess of the Federal Deposit Insurance Corporation limit. Management considers the risk to be minimal. There were no uninsured cash balances as of December 31, 2014.

Note 5 – Concentrations:

The Organization uses different vendors to provide lists of donor leads, postage and mailing coordination services during the year. Payments to these service providers each represent more than ten percent (10%) of the Organization's annual expenses for the year.

Note 6 – Income Tax Status:

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and qualifies for a charitable contribution deduction by individual donors. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private Organization under Section 509(a)(2).

Management has evaluated the effect of a new accounting standard relating to accounting for uncertainty in income taxes that became effective in 2009. Management has determined that the Organization had no uncertain income tax positions that could have a significant effect on the consolidated financial statements for the year ended December 31, 2014. The Organization's federal income tax returns for fiscal years ended December 31, 2013, 2012 and 2011, are subject to examination by the Internal Revenue Service, generally for three years after the federal income tax returns were filed.

Note 7 – Related Party Transactions:

The Organization pays a company owned by a relative of a member of the Board of Directors for State registration filing and monitoring services. This company's fees totaled \$ 18,480 for the State registration filing and monitoring services during the year ended December 31, 2014.

Notes to Financial Statements  
December 31, 2014

Note 7 – Related Party Transactions- Continued:

The Organization shares rent expense with related non profit organization Parkinson Research Organization (PRF). As of December 31, 2014, the Organization owed \$2,854 by PRF.

Note 8 – Subsequent Events:

Subsequent events have been evaluated through February 12, 2015, which is the date the financial statements were available to be issued.